Daily Report

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CONTENTS

NOTICE TO READERS: All material in this volume previously disseminated in electronic form. An Ω indicates a Foreign Media Note.

ALBANIA

Ministry Condemns Greek Easter 'Provocation' *[Tirana TV]* 1
Respect for Religious Freedom Noted *[Tirana TV]* 1
'Divisive' Radio, TV Programs Criticized *[KOHA JONE 24 Apr]* 2

BULGARIA

Albania's Berisha Addresses Reporters *[Tirana TV]* 3
Noev Affirms Confidence in Defense Minister *[OTECHESTVEN VESTNIK 26 Apr]* 4
BSP Deputy Views Resignation *[KONTINENT 27 Apr]* 4

CZECH REPUBLIC

Cabinet Accepts Revised Security Report *[HOSPODARSKE NOVINY 28 Apr]* 5
Cabinet Discord Expected Over Pilip Nomination *[MLADA FRONTA DNES 28 Apr]* 5
Military Pay Changes Approved by Parliament *[A REPORT 22 Feb]* 5
Results of Army Pay Changes Discussed *[A REPORT 22 Feb]* 6
Additional Information on Army Pay Changes *[A REPORT 8 Mar]* 6
Proposal To Transform Military Education Due *[A REPORT 8 Mar]* 7
General Nekvasil Reports on Army Transformation *[A REPORT 22 Feb]* 8
Logistics Chief Views Military of Future *[A REPORT 22 Feb]* 9
Foreign Currency Transactions Made Easier *[HOSPODARSKE NOVINY 10 Mar]* 10
Higher Grain Harvest Expected in 1994 *[HOSPODARSKE NOVINY 21 Mar]* 12

SLOVAKIA

Moravcik on Political Situation, Nuclear Plants *[Vienna DIE PRESSE 30 Apr-1 May]* 13
Kukan Outlines Foreign Policy Tasks *[PRAVDA 27 Apr]* 13
R. Kovac Rejects Accusations, Corruption Charge *[NARODNA OBRODA 28 Apr]* 15
Moravcik on Deputy Prime Minister Kovac's Post *[Bratislava Radio]* 15
Meciar on New Government, Decisions Made *[ZEMEDELSKE NOVINY 25 Mar]* 16
Schmognerova Addresses IMF on 'Transformation' *[PRAVDA 27 Apr]* 18
Poll on Meciar, Kovac Speeches to Assembly *[SME 27 Apr]* 18
Five Right-Wing Parties Consider Forming Bloc *[SLOVENSKY DENNIK 27 Apr]* 19
KOZ Decides Not To Back Any Party *[HOSPODARSKE NOVINY 27 Apr]* 19
Coalition Deputies To Head Council Committees *[PRAVDA 29 Apr]* 20
Latest Trends in Foreign Trade Analyzed *[HOSPODARSKE NOVINY 27 Apr]* 20
Licensing Commission Chief Views Arms Trade *[SME 27 Apr]* 21

HUNGARY

Boross Meets Slovak Counterpart in Komarom *[Budapest Radio]* 23
Prime Ministers Comment on Talks *[Bratislava Radio]* 23
HSP Wants Apology From Hungarian TV *[Budapest Radio]* 23

POLAND

Further Reportage on Continuing Strikes 24
Krzaklewski on Coal Strike, Decentralization *[GLOS PORANNY 22 Apr]* 24
More on Minister's Report to Senate *[ZYCIE WARSZAWY 29 Apr]* 25
Solidarity Leader on Pawlak's Speech *[PAP]* 26
Krzaklewski Announces Strikes 4-7 May *[Warsaw Radio]* 26
Brown Coal Miners To Suspend Action *[PAP]* 26
More on Suspension Decision *[ZYCIE WARSZAWY 2-3 May]* 26
Solidarity Suspension of Strikes Possible *[Warsaw Radio]* 27
Miller on 'Incomprehensible' Strikes *[Warsaw Radio]* 27
Pawlak on Talks With Unions *[Warsaw Radio]* 27
Prime Minister Makes Report to Parliament *[Warsaw Radio]* 27
Pawlak on Economy, Coalition, Walesa Rapport *[WPROST 1 May]* 30
Foreign Cooperation Minister Interviewed *[NOWA EUROPA 29 Apr-3 May]* 32
Ministerial Conflicts Over Privatization *[ZYCIE GOSPODARCZE 10 Apr]* 34
Report on Foreign Investments Summarized *[RZECZPOSPOLITA 12 Apr]* 35
Digital Telecommunications System Developed
[GAZETA PRZEMYSLOWA I HANDLOWA 29 Mar-5 Apr] 36
Second Bidding for Oil, Gas Reserves Set
[GAZETA PRZEMYSLOWA I HANDLOWA 29 Mar-5 Apr] 37
Machine-Building Industry Reviewed *[ZYCIE GOSPODARCZE 27 Mar]* 37
General Year-to-Date Economic Trends Viewed *[ZYCIE GOSPODARCZE 10 Apr]* 38

BOSNIA-HERZEGOVINA

UNPROFOR Protests Attack Near Gorazde *[AFP]* 41
UNPROFOR 'Attack' Near Tuzla Reported *[TANJUG]* 41
UNPROFOR Spokesman Comments *[Paris TV]* 41
NATO Planes Called In Over Sarajevo *[AFP]* 42
Two U.S. Reporters Killed by Mine *[Zagreb Radio]* 42
British Soldier Dies in Mine Explosion *[AFP]* 42
International 'Contact Group' Holds Talks 43
Buha: Talks 'Good Start' *[Belgrade Radio]* 43
Izetbegovic Sees 'No Results' *[AFP]* 43
Group Leaders Comment *[Sarajevo Radio]* 43
Srpska Army 'Sources' Comment *[TANJUG]* 44
'Sources' Report CIA Sending Arms, AIDS *[TANJUG]* 44
French Call For Tougher Line on Air Strikes *[AFP]* 44
Izetbegovic Asks Tudjman for Help on Agreement *[Sarajevo Radio]* 45
Ganic Condemns World's 'Failure To Act' *[Sarajevo Radio]* 46
Muslim Army Chief Discusses Military Situation *[Sarajevo Radio]* 46
Krajisnik Favors Kozyrev's Cease-Fire Plan *[TANJUG]* 46
Continuing Tension Reported in Gorazde 46
British Forces Detained *[London PRESS ASSOCIATION]* 46
'Veritable Chaos Reigns' *[Sarajevo Radio]* 47
Hepatitis Epidemic Feared *[Sarajevo Radio]* 47
Serbs Continue Attack on Sarajevo *[Sarajevo Radio]* 48
UNPROFOR Reports Attack *[AFP]* 48
One Killed, Three Wounded in Tuzla Shelling *[Sarajevo Radio]* 48
Serbs Bring 'Reinforcements' to Brcko, Kalesija *[Sarajevo Radio]* 48
Four Serbian Civilians Killed at Doboj *[TANJUG]* 49
Muslim Attacks Continue *[TANJUG]* 49
Serbs Regrouping Forces *[Sarajevo Radio]* 50
Croatian Official on 'Demobilization' Intent *[Zagreb Radio]* 50

CROATIA

Breakaways From Ruling HDZ Form New Party 51
Mesic Elected Chairman *[Zagreb Radio]* 51
Mesic Interviewed *[Zagreb TV]* 51
Leaders Blame Tudjman for War *[Sarajevo Radio]* 51
Commentary on Potential 'Crisis' *[VJESNIK 21 Apr]* 52
RSK Cites 'Terror by the Croatian State' *[TANJUG]* 54
Presidential Council Issues Statement *[Zagreb TV]* 54

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Crvenkovski: Balkans on 'Brink of a New War' *[Ankara ANATOLIA]* 56
Serbs Claim 2,000 Turkish UN Troops Arriving *[BORBA 28 Apr]* 56
Crvenkovski Meets With Butrus-Ghali *[MIC 29 Apr]* 56
Quarterly Economic Figures Examined *[MIC 29 Apr]* 56

YUGOSLAVIA

Federal

Jovanovic Discusses Renewal of Peace Process *[Belgrade TV]* 57

Kosovo

Rugova: 'Too Early' To Discuss Confederation *[Tirana Radio]* 60

Ministry Condemns Greek Easter 'Provocation'

AU3004185194 Tirana TVSH Television Network in Albanian 1635 GMT 30 Apr 94

[Statement issued by the Albanian Foreign Ministry in Tirana on 30 April: "Calculated Provocation by the Greek Embassy in Tirana"—read by announcer]

[Text] Yesterday, on 29 April 1994, Mr. Toulupas, charge d'affaires at the Greek Embassy in Tirana, twice presented himself at the Foreign Ministry of Albania and, in the name of Greek Foreign Minister Karolos Papoulias, protested in a provocative, slanderous, and improper way some hindrances allegedly imposed by the Public Order Ministry impeding the Albanian Orthodox community's normal celebration of the Easter holiday.

The Foreign Ministry considers this to be an act of premeditated and calculated provocation and a continuation of previous statements by Greek authorities on their alleged concern over whether the Orthodox Easter holiday is to be normally celebrated in Albania. This provocation testifies to the fact that there exists a clear connection between these statements by the Greek authorities regarding the Easter holiday and the action of the Greek diplomat in Tirana. It aims at aggravating the atmosphere before the meeting of both countries' foreign ministers in Zurich on 3 May 1994.

The Foreign Ministry clarifies that all festivities related to the Albanian Orthodox Easter holiday have been and will be held normally, because Albanian law ensures and guarantees freedom of religion to all its nationals who are believers.

There have been no complaints from any secular or church representative of the Orthodox community to Albanian state authorities regarding any obstacles or difficulties impeding the performance of religious festivities.

We reiterate that the Albanian Orthodox Church is and will remain autocephalous and any arbitration by the Greek Embassy in the name of Orthodox believers aims at infringing its autocephaly and is considered to be interference in the internal affairs of the Albanian state.

The Greek Government spokesman's statement on 29 April 1994, after religious ceremonies were normally held, maliciously distorts the truth and facts and constitutes a dishonorable tendency to exploit religion, the freedom of which is guaranteed in Albania, and casts doubts over the Greek Government's desire to go through with the meeting of foreign ministers scheduled for 3 May 1994 in Zurich, a meeting that the Albanian Government was seriously engaged in. The government believes that the nonrealization of this meeting will not serve the mutual interests of both countries and even less the region's, and that responsibility for this will fall on the Greek Government.

Respect for Religious Freedom Noted

AU3004204094 Tirana TVSH Television Network in Albanian 1800 GMT 30 Apr 94

[Statement issued by the Albanian Public Order Ministry in Tirana on 30 April—read by announcer]

[Text] The Public Order Ministry informs that all religious ceremonies have been and are being held normally on the territory of the Republic of Albania. No protest or written or oral complaint regarding such ceremonies has been received by this ministry.

Concerning the celebration of the Orthodox Easter in Tirana, the ministry explains that at 1230 on 27 April 1994, Police Commissariat No. 2 in Tirana District received a written request from the Autocephalous Church of Albania which presented two requests. One was for permission for a procession of clerics to go from the church to Kavaje Street and back again. This permission was requested for 29 April 1994 at 1900. The second request had to do with the organization of a ceremony in the form of a gathering, to celebrate the resurrection ritual. For this ceremony, the construction of a tribune on the pavement in front of Mihal Duri Factory was requested. They asked for permission to hold this ceremony on 30 April 1994 from 2300 until 0015.

By means of an official document No. 1195/1 dated 27 April 1994, Police Commissariat No. 2 responded that the organization of both ceremonies creates serious traffic problems on the national road, something that can be of consequence for the lives of the people. That is why it did not conduct security for these two activities.

At the same time, the commissariat suggested that it was ready to go anywhere but the national road and provide security for the event.

Through a second document dated 28 April 1994, the Autocephalous Orthodox Church authorities relinquished their first demand and asked only for approval of the second request, without presenting any protest or complaint against the police.

On 29 April 1994, the church authorities received a final positive answer from Police Commissariat No. 2 to hold this event. Besides this, regarding contacts between police representatives and high church authorities, including the archbishop, they have received only thanks from them and no complaints.

The Public Order Ministry stresses that the religious masses are free and no one hinders them in the Republic of Albania. However, when a religious authority requests help from public order authorities, they of course will give it according to their ability to secure the event. We express our surprise and deep indignation at the tendency of the Greek Government to exploit even Easter Day for its political aims.

'Divisive' Radio, TV Programs Criticized

AU2904144394 Lezhe KOHA JONE in Albanian 24 Apr 94 p 3

[Commentary by G. Miri: "The Matter Could Be Brought to Court"]

[Text] Yesterday the Albanian-language media in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] broadcast an extremely harsh protest against Albanian Radio-Television [RTSH] by the ethnic Albanian parliamentary group, Albanian ministers in the Macedonian Government, and other members of Macedonian state institutions. They described the work of Albanian Radio-Television as "anti-Albanian activity aimed at splitting further the Albanian political body in Macedonia." At the same time, they repeated that RTSH programs have contained inaccurate news, implying that this was done for divisive purposes. If the RTSH and its programs are going to continue like this with their lies and slanders, the Albanian political, state, and public figures in Macedonia pledged that they "would be compelled to bring it to court."

How could the RTSH come to such a fateful point?

All this comes as no surprise. It was in fact the RTSH's real objective from the very beginning to reach a point that could virtually be called extremely detrimental to the national cause by splitting and misinforming the nation. There is no cause for wonder, because the RTSH first started doing this sort of thing with the Albanians in Albania by unjustly accusing, differentiating, and insulting them, by misinforming the public, and not allowing others to speak their mind. However, the people in charge of the RTSH are under the "umbrella" of the party in power, and are therefore untouchable. They have been running unstopped. If nobody deters them in Macedonia, the danger will be much greater.

Do the RTSH's divisive activities, as our compatriots in Macedonia call them, have any significance for our national unity? It may sound paradoxical, but it is of immense significance. The political parties, intellectuals, and ordinary people here in Albania who were directly or indirectly affected by the RTSH over this period used to think that it was their misfortune alone, and that nobody cared about their plight. Meanwhile, the RTSH extended its evil activities to the detriment of Albanians living outside Albania. When the poor Albanians heard about it, they felt somewhat relieved that they could share their plight with their brothers across the border. This is a very good opportunity for Albanians to unite in their plight, which was created for them by the so-called RTSH.

What can we say about the financial problems of the RTSH? Since the RTSH satellite programs are sponsored by Albanians living outside Albania, as is public knowledge, and since the whole thing was built up by those Albanians, it means that the RTSH has obligations toward them. However, it does not mean the obligation to misinform the public, lie, and pursue divisive activities, as the declaration from Macedonia proves the RTSH is actually doing. Recently the RTSH has been launching appeals for cash donations to its bank account. After all these professional flaws and the discontent that the RTSH has created, one might doubt that any money will be forthcoming.

Finally, what is the Albanian parliament going to do about it? According to the law, the RTSH answers to the Albanian parliament, and one of its defined objectives is to serve the national cause. Thus, parliament finds itself confronted by two great problems. Will this parliament have its say on the matter, given that both the law and our national unity have been damaged? It remains to be seen.

Albania's Berisha Addresses Reporters

AU2904210794 Tirana TVSH Television Network in Albanian 1800 GMT 29 Apr 94

[Report by Sokol Balla in Sofia]

[Text] After the visit to the Bulgarian National Historical Museum here in Sofia, an important topic on the third day of the official visit of our President Sali Berisha was the joint news conference with Bulgarian President Zhelyu Zhelev.

In his statement Bulgarian President Zhelev pointed out the quiet road without excesses of the performance of the reforms in our country. He also stressed that Albania plays a key role in peace, stability, and security in the Balkans. To defend his idea, he brought up two arguments: first, the fact that ethnic Albanians make up 90 percent of the population of Kosova, and the presence of the Albanians who live in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. Nevertheless, President Zhelev said, these two acute problems and sore points are handled with a sound logic, prudence, and political maturity by the Albanian state and its chairman, Mr. Berisha.

Zhelev said that while in 1991 Albanians came to take our experience, now in 1994, on the contrary, we are the ones who should go and see how the economic and political reforms are carried out in Albania.

Concerning the refusal of the Bulgarian party to participate in a trilateral meeting proposed by Greece, President Zhelev stressed that peace and stability in the Balkans are reached and preserved with the contribution of all Balkan countries. However, Zhelev stressed, it is not good for two or three sides to meet and talk behind others' backs. The time has gone when discussions were held and decisions were made by isolating the third parties. At present the dialogue is open to any country interested in the stability of the region. The chairman of the Albanian state later took the floor.

[Begin Berisha recording] First, I want to thank President Zhelev from my heart for the warm and friendly reception and express my greatest pleasure for the level of relations between Albania and Bulgaria. Our two countries have old friendly and historic ties. However, I wanted to say that their determination to develop and strengthen their ties, cooperation, and friendship at the present time is the most important.

In this respect, both countries, who suffered the communist dictatorship together and which were engaged in the course of the reform, are undoubtedly more sensitive to pain and sufferings, due both to their past and the course of the reforms; they have a broader meaning for each other. These are the reasons that in two years, Albania and Bulgaria have signed dozens of agreements and have established very good political and economic cooperation. What is the most important is the fact that the two countries are fighting and actively trying to achieve peace and stability in the Balkans. I think that our two countries have played an important role in reducing tension and preserving peace in the south of the Balkans.

Once again, I avail myself of the opportunity in front of you to confirm the great importance of President Zhelev's refusal to participate in the trilateral summit proposed by the Greek former prime minister for the Balkans. The Greek prime minister aimed at placing the Balkans before a religious dangerous alliance.

I think that the friendly relations between Albania and Bulgaria will show how states with various beliefs but with the same principles can cooperate to the benefit of each other and the region.

During these two days, in the course of my discussions with President Zhelev, the chairman of the parliament, and Prime Minister Berov, we discovered with pleasure that there exists a great desire to develop economic cooperation. We are asking for help from the European Union so that this cooperation becomes more fruitful. Thus, our two countries—and I hope other countries in the Balkans—are waiting to profit by the ideas of the white paper of President Delors. The extension of these principles of this white paper into the Balkans, which means an implementation of the East-West corridor and other branches, not only brings these countries closer to each other but brings our whole peninsula closer to Europe.

We are very worried about the situation in Bosnia-Herzegovina. President Zhelev and I think that only strong action by NATO and a coordination of the cooperation of the United States, the European Union, and Russia will be able to bring an end to the crisis.

We also consider very important the stability of the Republic of Macedonia. Both our countries have recognized and offered with pleasure that modest resource they have in the cooperation. However, we think that the Republic of Macedonia should expand and guarantee the freedoms and human and national rights of Albanians as a condition for its stability.

The situation in Kosova is very grave. Ladies and gentlemen, today, when apartheid has disappeared from the world corners, it is in power in the cradle of the present Western civilization. I mean here the territories of the Balkans—it is in Kosova. I can say that without the solution of this problem, there does not exist and cannot be a solution to the Balkan crisis. As long as the Albanians do not demand the change of borders through force, i.e., they respect one of the two most fundamental principles of the Helsinki Charter, the other one included as well, I think that this problem should be assessed as soon as possible. On the contrary, Milosevic will implement in Kosova the application of the memorandum of the Academy of Sciences of Serbia which, as you know, implies the creation of Greater Serbia through force by exterminating and cleansing 40 percent of the non-Serbian population that lives in these areas.

We discussed with President Zhelev a series of agreements in the future. Albania and Bulgaria think that not separate

alliances, but bilateral and multilateral cooperation, is what will be able to take our region out of the crisis and favor the integration processes over those of confrontation.

At the same time, I want to clarify the presence of Turkish troops in Bosnia. Turkey gave a real and concrete contribution in the understanding between Croats and Muslims. I have considered and still consider very important the agreement that both sides who fought against each other signed to interrupt the war. I am convinced that if the Serbs sign this agreement, this will be the road of establishing peace and stability there.

Mr. President, in closing I want to convey to all Bulgarians my best wishes on the Easter holiday. [end recording]

After the news conference, the ceremony for the departure of President Berisha, his wife, and the delegation accompanying him was held in front of the presidential seat, where the welcoming ceremony was also held. President Zhelev, his wife, and the Bulgarian delegation attended the ceremony. The Albanian delegation then returned home.

Noev Affirms Confidence in Defense Minister

AU2904124694 Sofia OTECHESTVEN VESTNIK in Bulgarian 26 Apr 94 p 3

[Interview with resigned Deputy Defense Minister Boyko Noev by Petya Vladimorova in Sofia on 25 April: "I Have Confidence in the Defense Minister's Efforts"]

[Text] [Vladimirova] Mr. Noev, when the army budget was being planned, Defense Minister Valentin Aleksandrov hinted that he may submit his resignation if the budget is cut beyond what is acceptable. General Petrov, chief of the General Staff, said the same thing, but in much stronger terms, and the General Staff even sent a letter to all units that frankly described the disastrous situation of the Army. Today, however, it is you who resigned.

[Noev] I have not followed closely who has made what statements. When the budget estimates were being made and we asked for one-third of the available funds to be allocated to military needs, it was clear to everyone that we would not get one-third, because 37 billion leva is beyond the state's capabilities. As for whether I heard about the letter with information on the state of the army that was sent to the troops, the answer is yes. As far as I know, it expresses what the top army officer told parliament. My personal view is that the sending of this document to the troops has seriously damaged officers' self-esteem. The document in question contains assessments that, if they proved to be true, would mean that we simply would have no army. However, the situation is not so clear. We must see whether such a document was really sent out and how it affected the morale of the officers.

[Vladimirova] The press organs of the political force that wants your resignation—it is no secret that this is the BSP [Bulgarian Socialist Party]—are raising a furor over discontent being rife in the Army. At the same time, a letter of the kind that the General Staff reportedly sent out to the troops cannot in itself be a source of tension. Unprejudiced people are inclined to link this document with the newspaper campaign that ended with demands for resignations. What is your view on this?

[Noev] Please allow me to decline to comment on your analysis. I would only like to say that it is indeed true that serious feelings of disappointment and loss of faith have arisen. I cannot say whether this letter represents the result, or whether it led to this discontent.

[Vladimirova] What do you expect to happen after your resignation?

[Noev] I hope that it will contribute to finding the best personnel decisions as far as the cabinet is concerned. I have confidence in the efforts of Professor Berov and Minister Aleksandrov.

[Vladimirova] It is no secret that the minister held you in high regard, yet now you are leaving to enable Minister Aleksandrov and Prof. Berov to find the best possible personnel decisions. Is this not a logical contradiction?

[Noev] No. because Minister Aleksandrov would not have accepted my resignation, that is why I submitted it direct to Prime Minister Berov.

[Vladimirova] How do you assess the army reform so far?

[Noev] The reform is going slowly, but Minister Aleksandrov is doing everything possible to press forward with the changes, and I am sure that his efforts are in the interest of all the democratic forces in Bulgaria.

[Vladimirova] Thank you for the interview, Mr. Noev.

BSP Deputy Views Resignation

AU2904142194 Sofia KONTINENT in Bulgarian 27 Apr 94 p 2

[Report by Svetla Koleva: "Boyko Noev's Reignation Was His Personal Decision"]

[Text] The Bulgarian Socialist Party [BSP] did not make any official or unofficial demand for the resignation of Deputy Defense Minister Boyko Noev, Nikolay Kamov [deputy leader of the BSP-led parliamentary group] told correspondents, adding that such an act was merely a matter solely for a personal decision.

According to Kamov, it is no accident that the BSP is demanding that the government review the action or lack of action of all top state officials in delaying to provide information on the UN request for an air corridor. The socialist deputies claim that Noev attempted to present in the National Assembly his political assessment of the situation, which is in sharp contradiction to the Constitution. The BSP leadership regards Noev's resignation as a lesson for all state servants who intend to undertake actions not in conformance with their powers or the law.

Cabinet Accepts Revised Security Report

AU2904154394 Prague HOSPODARSKE NOVINY in Czech 28 Apr 94 p 3

[Article by "jip": "The Cabinet Accepted the Security Report"]

[Excerpt] Prague—The Cabinet accepted the revised report by Interior Minister Jan Ruml on security in the Czech Republic. After the session, Minister Ruml said that no immediate threat to the Czech Republic and its population can be derived from the analysis of the present situation. In addition to the analysis, the revised report lists the main risks and specific measures, adopted or prepared by the government, for their elimination. The legislative concept of the government in the security sphere is enclosed.

The report indicates that two distinct groups of risks exist for the Czech Republic. Among the large ones, immediately affecting the stability of the political system, are especially migration, ethnic conflicts, financial scheming, and the narcotics problem. The group of small risks, threatening protection of freedoms, health, and the property of citizens, includes general crime (car theft, burglaries) and economic crime (tax evasion and fraud). [passage omitted]

Cabinet Discord Expected Over Pilip Nomination

AU2904172894 Prague MLADA FRONTA DNES in Czech 28 Apr 94 p 6

[Commentary by Jiri Leschtina: "The 'Dwarf's' Rocket Growth"]

[Text] Vaclav Benda [Christian Democratic Party founder and first chairman] probably never erred more than when, during the struggle for leadership of the Christian Democratic Party [KDS], he called Ivan Pilip a dwarf. Only four months after replacing Benda as party chairman, 30-year-old Ivan Pilip is the quite natural successor to outgoing Education Minister Pitha.

Vaclav Klaus will not be overjoyed at the resignation of the ill minister of education. While involving the prime minister in philosophical discourses, Petr Pitha, an admirer of [Czech linguist Vladimir] Smilauer and a Czech history buff, never disagreed with Klaus on government affairs. Pitha's hitherto deputy Pilip, on the other hand, has already clashed several times with the prime minister during debates on the education concept. And only a few minutes after his election as KDS chief, Pilip said about Vaclav Klaus: "I do not think that we have to make any radical concessions to him."

Being a realist, the prime minister realizes that he cannot deny Ivan Pilip any longer a place in the government, which the coalition owes the KDS since the times of the "unplaceable" Vaclav Benda. The prime minister even tried to seize the initiative and proposed to Pilip that he replace Frantisek Benda as minister of environment. The circumspect Pilip did not let himself be lured into the trap, however, and did not enter a field in which he is not well versed.

The two other chairmen of coalition parties, Jan Kalvoda and Josef Lux, hope that Ivan Pilip's taking up a ministerial post will reinforce them. The hitherto fairly successful deputy minister must, however, first come to terms with the role of minister and all the intricate problems of the education department. If any minister wants to take on the prime minister, even in the political arena, he must have done his "homework" first. Otherwise he ends up being disgraced, which would be even more true of a government greenhorn like Pilip.

Whether Pilip's coming to the government, connected with his greater media presence, will help the Christian Democrats is highly uncertain. For the time being, it seems that the ambitious chairman has a better chance of reviving the education Moloch than of reviving his slender party, which is plunging irresistibly into the depths of voters' oblivion.

Military Pay Changes Approved by Parliament

94CH0210E Prague A REPORT in Czech 22 Feb 94 p 1

[Article by sta: "Parliament Has Approved the Amendment to Law No. 143 on Pay and Emoluments"]

[Text] *On the first day of its 16th session, the Chamber of Deputies of parliament (15 February 1994) approved an amendment to change and augment Law No. 143/1992 Collection of Laws [Sb.] on pay and emoluments for readiness to work in budgetary and some additional organizations, as specified in subsequent regulations. This law becomes effective on 1 April 1994.*

The following provision is among the most important changes based on the language of the amendment: Paragraph 4 of Section 16 is eliminated. It said: "Pay is payable in the month in which the service relationship comes into being or continues." In practical terms, this meant that soldiers received their pay, for example, on 15 November for that entire month, their pay being thus "half ahead." The amendment changes this paragraph so that pay will be due in the future for the preceding month worked—that is to say, in practical terms, pay will be due in May for April.

An additional substantial modification is the introduction of the institution of so-called additional pay. This is nothing other than a 13th payday, or possibly even an additional payday. Inserted after Section 15 of the amendment is a new section, Section 15a, that states the following: "Additional pay—In fulfilling conditions stipulated by government regulations, employees are eligible for additional pay in a calendar year." The specific nature of applying this provision currently depends on the government regulation that is under preparation and that should be adopted in March. As we found out in the lobbies of parliament, in the Army there is supposed to

be a 13th payday for which the sponsor of the amendment has stipulated two variations of the due date. One of the variations speaks of the halfway point in this year; a second talks about the halfway point in 1995.

Results of Army Pay Changes Discussed

94CH0210F Prague A REPORT in Czech 22 Feb 94 p 4

[Article by Vlastimil Stana: "As of April, Things Will Be Different"]

[Text] *The amendment of the law that has to do with pay and emoluments for readiness to work in budgetary and some other organizations will specifically change the Army's internal implementing pay regulations.*

The adopted amendment of the law is a reaction to experience gained in applying the law particularly in terms of making some provisions more specific because their language was subject to varying interpretations and their application in practical terms was connected with certain problems (for example, remuneration for overtime work and holiday work). At the same time, the amendment contains provisions allowing for the modification, through generally binding regulations, of the procedure to be adopted in regulating the amount of resources to be set aside for pay and emoluments in return for the readiness to work.

What Will Follow?

The effective date of Law No. 143 is set for 1 April 1994. It is the basis for the creation of additional decisive documents, including government regulations and subsequently adopted internal pay regulations in the Defense Department. At the present time, finance components in the Ministry of Defense have processed the results of the markup proceedings to which the proposal for the government regulation was subjected. Any incidental changes will be processed by the Ministry of Labor and Social Affairs into the final text of the government regulation, which the government will approve in March. This document, stemming from the amendment to Law No. 143, will be the starting point for the adoption of new pay regulations in the Army. Among other things, these will include new tariff groups (pay categories). At the same time, a solution is found for the so-called overcoming of the transition period in April.

Innovations Pertaining to Extra Pay for Leadership

Increases in the rates of extra pay for leadership are based on the desire to maintain the desirable relationship with respect to pay categories, the levels of which were raised during the previous era. This led to a narrowing of the relative differences in pay for rank-and-file and leading employees. What is essentially involved here is a better reward for leadership. Therefore, the employer must take into account, within the framework of better pay for leadership, any possible overtime work performed by the leading worker. A new provision also sets better pay for leadership in the case of employees who are not charged with being leaders but who are authorized to direct the work of other employees. This rewards the demanding nature of this kind of work, even at the lowest levels.

The amendment to the law also contains details of the span. If we disregard the leading employees of central organs of the state administration (for example, the minister and his deputies, department directors, etc.), the span is as follows: A leader who directs the work of subordinates (for example, unit commanders)—500-3,000 korunas [Kc]; a leading employee who directs several formations of an organization—Kc1,000-6,000; a deputy of a statutory organ—Kc2,000-9,000; a statutory organ—Kc3,000-13,000. An employee who is not a leader but who, according to the organizational chart, is authorized to organize, direct, and control the work of others is entitled to extra pay for leadership, depending on the demanding nature of such work, within the range of Kc330-1,500. The amount of extra pay for the employee is determined by the employer or by the individual who appointed the employee to his position or who assigned him to that position.

Overtime and Compensatory Leave

Even this institution has been completely redefined. For an hour of overtime work, the employee is entitled to the portion of his monthly pay reflecting an hour of work, excluding overtime work, within the calendar month. The reward for overtime work takes the form of extra pay. The basis for computing this pay continues to be the average earning of the individual.

Additional Information on Army Pay Changes

94CH0210G Prague A REPORT in Czech 8 Mar 94 p 3

[Article by Jiri Stonawsky and Vlastimil Stana: "Soldiers To Receive April Pay on 13 May"]

[Text] *At the beginning of March, directives issued by the deputy minister of defense and having to do with new due dates for pay in the Defense Department saw the light of day. We note that the new regulations impact on both career soldiers and civilian employees. What is involved here?*

As we have already informed you in the previous issue of A REPORT, the amendment to Law No. 143/1992 Collection of Laws [Sb.] on pay and emoluments for readiness to work in budgetary and some other organizations, which was approved by the Chamber of Deputies of the parliament of the Czech Republic on 15 February 1994, among other things eliminates Paragraph 4 of Section 16 of the law. Thus far, this paragraph had stipulated that pay for employees—members of the armed forces and security components and services in active employment—is due in the month in which the service relationship came into being or continues. As of the effective date of the amendment to Law No. 143/1992 Sb.—that is to say, as of 1 April 1994—pay for these employees will be due after that monthly period.

According to this amendment, the procedure will be applied in practice for the first time by paying soldiers for the month of April 1994 on 13 May 1994 (under existing regulations, they would be paid on 15 April).

To realize the transition to the new due date for wages, Engineer Miroslav Kalousek, deputy minister of defense, has promulgated the following measures:

Deadlines for Paying Career Military Personnel

Career military personnel who are normally paid by 15 April 1994 and who file an application may receive a down payment for the month of April in accordance with the wages to which their last pay category entitles them. A condition for this down payment is an obligation (this is essentially a simple document that financial officers will have at their disposal) to repay this amount in a maximum of eight monthly payments so that it will have been fully accounted for, at the latest, at the time pay for the month of November is due—that is, by 15 December. The first payment will therefore be deducted as a matter of principle from the pay for April, which is due on 13 May 1994. When drawing pay for March 1994, a career soldier will file the appropriate application on the prescribed form, which will simultaneously serve as his obligation to make a specific number of regular monthly payments. This is essentially an agreement between the career soldier and his employer, covering the payment of the down payment and its repayment.

The agreement on specific repayments of the down payment can be fulfilled differently only in the following cases:

1. In the case of long-term illness and while drawing sick pay, the career soldier, recipient of the down payment, may, in justified cases, ask the appropriate commander to reduce the amount of the repayments or possibly to defer such repayments of the down payment. The decision by the commander regarding the reduction or deferral of the repayments shall be attached to the concluded agreement.

2. In the event a career soldier, recipient of the down payment, is discharged from active service before the repayments are made, the unrepaid remainder of the down payment will be accounted for, at the latest, by the time of his final pay or other monetary matters, entitlement for which arose before his discharge (for example, monetary compensation for equipment items, compensation for unused leave, etc.). If it is not possible to account for the unrepaid down payment even in this manner, the uncompensated remainder shall be deducted from the severance pay entitlement.

3. In the case of the death of the career soldier, recipient of the down payment, the unrefunded remainder of the down payment will be accounted for at the time of the final pay or other monetary matters to which the individual's estate is regularly entitled. If the accounting cannot be accomplished, the remainder of the down payment will be dealt with at the time of the inheritance proceedings.

The cumulative total of the remainder of down payments paid out shall be reported by the various formations via their superior HFU/OMP [expansion unknown] managing clerks, such reports always to be made by the 18th day of the month after pay has been accounted for, by calling the Prague military telephone number 45 721.

Deadlines for Pay for Civilian Employees

In conjunction with the requirements of current practices, changes in pay for career military personnel are also accompanied by modifications of the deadlines for paying down payments and for the accounting of wages for civilian employees as follows:

1. In formations employing fewer than 250 employees, down payments by the 25th day of the month, accounting by the 10th day of the calendar month.

2. In formations employing more than 250 employees and in units having two or more pay locations, down payments by the 27th day of the month, accounting by the 12th day of the calendar month.

The transition to these new pay deadlines shall be accomplished in such a manner that, beginning with the down payment in the month of April 1994, the deadline for paying out down payments and accounting for pay shall be advanced by one day each month.

Proposal To Transform Military Education Due

94CH0210H Prague A REPORT in Czech 8 Mar 94 p 3

[Article by Miloslav Frydl: "Three Schools To Remain"]

[Text] *By 1 September 1994, the advanced military education system is supposed to be reduced. As of that date, however, three advanced military schools will remain. During the meeting of the Education Committee of the parliament of the Czech Republic, it was noted last week by the rector of the Advanced Military School for the Ground Forces at Vyskov, Lubomir Odehnal.*

The idea of a unified defense university, about which we wrote in A REPORT two issues ago, is, according to L. Odehnal, by far not as topical now as it was several weeks ago. "It could be the final goal," noted the rector from Vyskov. "But work on the concept is in fact beginning from scratch. There will probably not be any specific changes in our orientation, but we shall be a lot wiser by the end of April."

L. Odehnal further stated that the last consultation with the minister resulted in a decision to move the deadline for transformation to 1 September 1995. But the definitive project for transforming military education must be submitted to the Education Committee of parliament by 30 April 1994, according to the resolution adopted last

week by the deputies. "Everything that could have been said has already been said; now it is time to finally act," noted Kozel, chairman of the Education Committee.

We asked Jiri Pospisil, first deputy minister of defense, if the proposal to transform the advanced military education system is in such a state that it could be submitted to the Education Committee by the date specified. "Yes. There are a number of alternatives; discussions are continuing. I liked what the chairman of the committee said—it is time to submit some kind of results. It can be done by the deadline."

At the moment, Pospisil does not know whether the required proposal will contain the idea of a defense university. "I believe that it might be the case," he said in response to our question. "But, in my opinion, the basis for the transformation is a meaningful system, and it is essentially unimportant whether it will be divided into a single element or into three elements."

According to Pospisil, the final version of the proposed transformation of the military education system is to be submitted to the advisory board of the minister by the end of March. According to the Vyskov rector, the final language is expected to partially take into account the original proposal formulated by the commission of rectors of advanced military schools: "Some of the material will be utilized, some will be reworked. We will most likely not back down from adhering to advanced school principles. The toughest nut will be finding a common path for the Ministry of Defense, the Ministry of Education, and the General Staff. The material to be presented to parliament by 30 April will contain a schedule for transformation, with a deadline for realization by 1 September 1995. Much will depend on whether this schedule will be adopted," said L. Odehnal.

General Nekvasil Reports on Army Transformation

94CH0210D Prague A REPORT in Czech 22 Feb 94 p 3

[Article by Vlastimil Stana on press conference given by Chief of General Staff Jiri Nekvasil: "Yesterday, Today, and Tomorrow—Some Facts on the Transformation of the Army of the Czech Republic"]

[Text] *As announced by General Major Jiri Nekvasil, ACR [Army of the Czech Republic] chief of the General Staff, at a news conference, the Czech Army has undergone several waves of change over the past several months. The reorganization impacted not only on top organs of the Ministry of Defense but also was manifested particularly in military units and formations.*

One of the features of change in the Army is undoubtedly the substantial movement of personnel, equipment, and all types of materiel. Only for purposes of illustration, last year some 266,043 tons of materiel were transported within the framework of the Army. Even though the majority of this materiel was transported by highway, the Army also used 12,332 railroad cars. This year, the volume of materiel to be shipped will be approximately 177,500 tons of state property.

A specific element in the transformation is the disestablishment of military components. Since 1990, some 777 formations and installations have been disestablished, with 132 of them being eliminated just recently. Some 126 formations moved to other garrisons, and 187 new formations were created.

Just for last year, the reorganization impacted on a total of 198 formations and installations of the Army. Military personnel left 28 garrisons, which represents the evacuation of 261 facilities. This trend will continue in the coming months.

During the next two years, another seven garrisons will be disestablished. One of the problems that burdens the Army and exerts an influence in terms of the final consequences affecting training in some units is the fact that abandoned facilities continue to be guarded by the Army, although it does not utilize them. Virtually 400 facilities are being guarded by almost 2,000 men.

A special chapter in the transformation is military aviation. According to official sources, the Air Force terminated regular flying activities at seven airfields since 1990; the Army is preparing to abandon an additional three airfields.

Unfortunately, pressure by representatives of some communities and municipalities continues to have military pilots evacuate their surroundings. Military aviation also has three air rescue centers under its wings. It is precisely the members of the Army who used this service to transport 5,500 persons in life-threatening situations last year; of these, 850 were in critical shape and 1,250 were children.

At the same time as the numerical strength of the military is declining (just last year the planned peacetime strength of the ACR was reduced by 12,923 individuals), the number of military training areas has also declined. The Army has thus permanently left the training areas at Mimon, Dobra Voda, and Mlada.

The reorganization has substantially impacted the area of military education and has had a basic impact upon civil defense, the military health-care service, and the military police. In March of this year, military railroad troops will be disestablished.

The personnel area continues to be one of the most closely monitored problems in the current Army; it has also been subjected to more than one change. But the search continues for a system to determine military careers; some reports indicate that there are several models for this but that they continue to stay under cover. Departures from Army ranks continue. Last year, some 6,594 individuals left the Army, including 113 noncommissioned officers, 1,856 warrant officers, 4,607 officers, and 18 generals.

On the other hand, 1,821 individuals joined the service in the ACR, including 438 noncommissioned officers, who joined the UNPROFOR [UN Protection Force] unit. At foreign schools, 117 career soldiers are training, as of today, or have completed their training.

Gen. Nekvasil indicated that the most immediate reorganization would transform the central and western Army commands into the headquarters of the 1st and 2d Army Corps. An additional four combined-arms divisions will change into mechanized brigades. Air Force bases will be developed to house the 6th Air Force Transport Regiment and the 20th Air Force Bomber Regiment. The development of the rapid-deployment brigade is announced for April of this year.

In a more extended time frame, it is expected that 11 territorial defense brigades and pontoon brigades will come into being. One motorized division, three infantry divisions, a chemical protection brigade, the headquarters of two divisions of air defense, and the headquarters of the 7th Civil Defense Recovery and Rescue Brigade will be completely disestablished.

All changes are to be accomplished by 1 October 1995.

The resulting status should then have the following structure: There would be a Ministry of Defense and a General Staff, followed by the headquarters of the 1st and 2d Army Corps, the headquarters of the 3d Corps of the Tactical Air Force and the 4th Air Defense Corps, the headquarters for logistics. The armed forces would be formed by: seven mechanized brigades, a rapid-deployment brigade, and 14 territorial defense brigades. Military aviation would operate six air bases.

Logistics Chief Views Military of Future

94CH0210I Prague A REPORT in Czech 22 Feb 94 p 5

[Interview with General Major Oldrich Barta, chief of logistics, Czech Republic Ministry of Defense, by Vladimir Marek; place and date not given: "A Small but High-Quality Army"]

[Text] *The Army of the Czech Republic should be small and mobile and have modern equipment. We asked General Major Oldrich Barta, engineer, who heads the Main Office for Material and Technical Support at the Ministry of Defense, what lay behind this general statement.*

[Marek] What kind of equipment will the Army of the Czech Republic require in the immediate future?

[Barta] The concept of equipping the Army of the Czech Republic was entrusted to the Department for Development of Equipment at the Ministry of Defense. It will not be possible to finalize the concept until all political interrelated questions are clarified. The equipping of our Army must be in line with even the latest facts, such as, for example, the Partnership for Peace.

[Marek] Nevertheless, it is reported that working out of that concept should not take longer than the fall of this year.

[Barta] We expect that by fall we could already have some data collected. I personally feel, however, that we will require more time to put together the entire concept.

[Marek] Under these conditions, how long will actual modernization take?

[Barta] It should be realized by the year 2005. Even some key programs have been planned with that date in mind.

[Marek] How much money will modernization require?

[Barta] At present, annual expenditures for the Army amount to 2.5 percent of the national income. We must unequivocally state that this amount of resources is inadequate. Modernization, particularly that of the Air Force and other technical components, is financially very demanding. But the answer to this highly complicated question must be sought not only at the specialized level but also at the economic and particularly the political levels.

[Marek] There are many discussions regarding the purposeful distribution of the military budget. Which part of it should be allocated to modernization?

[Barta] Of course, it would be desirable for it to be the largest percentage. In my view, it would involve about one-third of the budget.

[Marek] What will be the phases of modernization? What is considered to be a priority?

[Barta] The priorities have generally been identified. They involve systems of command and control so we could communicate with the NATO armies. Then there are the information systems, in both logistics and command structures. Next are the reconnaissance systems and, of course, the rapid-deployment brigade. For me to list those priorities in a more specific manner, I would have to base my statement on the defense strategy. And, for the time being, that has not been precisely outlined.

[Marek] Should that process be primarily shared by Czech armaments manufacturers, or are express purchases of weapon systems from abroad even being contemplated?

[Barta] I repeat once more: It is not a question of rearming but, rather, a question of modernization. For the present, we are not contemplating any new deliveries of weapon systems. We intend merely to modernize existing gear and equipment. If some new project has come to light, it is exclusively based on domestic production.

[Marek] Does that mean that the RDP Group, which is an association of Czech armament manufacturers, will have the green light with our Army?

[Barta] We have created certain principles for ourselves in terms of acquisitions activities. We are making contact with the RDP Group just like with every other entity. Of course, we perceive the RDP Group as a component of a specific Czech armaments industry. But that is all.

[Marek] I will ask the question more specifically: What hope for utilization in our Army is there, for example, for the Skoda-Plzen idea to modernize the T-72 tank?

[Barta] We told the RDP Group that we will not stand in its way in modernizing any kind of gear. We will be announcing requests for proposals, and, if the RDP Group comes up with a project that will be interesting for the Army of the Czech Republic, it will, of course, be realized.

[Marek] And what about, for example, the modernized modification of the Albatross? Are you figuring on it for our Air Force?

[Barta] The Albatross is a subsonic aircraft that is a training aircraft at present. Although a specific combat version is being considered, it would have to be augmented by the addition of at least more high-tech equipment—in other words, it would have to be made supersonic.

[Marek] Could you at least indicate what type of gear will have to be purchased from abroad in the immediate future—what will definitely be beyond the capabilities of our armaments industry?

[Barta] Because the army of 2005 has not been defined (but only that of 1995), it is very difficult to answer that question. But I think we certainly will not be manufacturing tanks. It is quite possible that we will not even need them. At present, I am unable to answer that question. We will certainly be buying some small numbers of materiel and equipment abroad, items domestic industry will not be producing.

[Marek] It is said that defense capability is not exclusively the Army's. It is said that it also involves the armaments industry. Is there not the threat, in the event of an actual conflict of some kind, that we would be cut off from possible service from abroad?

[Barta] Our Army will be small in numbers but will have high-quality equipment. The armaments industry will be smaller but of peak quality. It will certainly be made up of manufacturers of aviation systems and munitions. It will be an industry that will assure the stability of the Czech Republic and will exclude precisely what you have just defined. No country can afford to be dependent on the delivery of decisive spare parts and munitions from abroad.

[Marek] But our Army is predominantly equipped with former Soviet equipment. Are we not exposed to a certain risk, given the current instability in the territory of the CIS?

[Barta] Although our equipment is originally Soviet, it was manufactured predominantly by license, for the most part in Slovakia. At the present time, we have certain spare parts, certain stockpiles. We have nothing to fear in that direction. Moreover, the fabrication of some spare parts is possible even on the part of a non-Russian supplier. I have in mind, for example, Ukraine, Poland.

[Marek] How do you view the possibility of purchasing secondhand weapon systems from the U.S. Army?

[Barta] I personally believe that, at a time when we are downsizing the amount of gear and equipment, there is no reason to purchase used cheaper equipment. Even so, it is expensive for us, and, moreover, systems would have to be finalized to accommodate it. For example, the purchase of aircraft alone solves nothing in and of itself. You have to support the training system, you have to provide trainers, ground support, etc.

Foreign Currency Transactions Made Easier

94CH0233A Prague HOSPODARSKE NOVINY in Czech 10 Mar 94 p 9

[Announcement by Czech National Bank: "Official Announcement by the Czech National Bank Regarding the Relaxation of Requirements To Offer Foreign Exchange to the State and the Establishment of Foreign Exchange Accounts"]

[Text] On the basis of the decision by the Banking Council of the Czech National Bank, dated 24 February 1994, and in conjunction with the monetary program of the Czech National Bank for 1994, the compulsory obligation for foreign exchange Czech nationals—legal entities and foreign exchange Czech nationals who are private individuals—entrepreneurs (hereinafter referred to only as "foreign exchange Czech nationals—legal entities") to offer foreign exchange to the Czech National Bank is hereby relaxed as follows:

1. The Czech National Bank is introducing a simplified permit procedure pertaining to applications for exemption from the obligation to offer foreign exchange to the bank (in accordance with Section 11, Paragraph 4 of the foreign exchange law, No. 528/1990 Collection of Laws [Sb.], as amended by Law No. 228/1992 Sb., hereinafter referred to only as the "foreign exchange law"), and pertaining to applications for the establishment of foreign exchange accounts with domestic foreign exchange banks.

Within the framework of the above procedure, the Czech National Bank will be issuing permits to foreign exchange Czech nationals—legal entities (Section 6, Paragraph 2c of the foreign exchange law) who have foreign exchange incomes, pursuant to their filing an application according to the sample application form enclosed [not reproduced here] to establish foreign exchange accounts. The "Application for a Foreign Exchange Permit To Establish Foreign Exchange

Accounts With Foreign Exchange Banks in the Czech Republic" forms are available at all branches of the Czech National Bank.

The "Application for a Foreign Exchange Permit..." is to be submitted in a single copy to Department 512 of the Czech National Bank, Na Prikope 28, 110 03 Prague 1 (including a certified copy of the extract from the Commercial Register or possibly a copy of the small business authorization). On the basis of this application, the Czech National Bank will issue a decision regarding permission to establish foreign exchange accounts.

2. The following items may be transferred to foreign exchange accounts established in accordance with 1 above:

a) Foreign exchange resources, with the exception of foreign exchange resources acquired on the basis of exchange activities, stemming from a foreign exchange national:

- Proceeds based on the export of goods, including proceeds from reexport operations.
- Proceeds based on the provision of freight and passenger transport services, including proceeds connected with the transit of goods via pipeline across the territory of the Czech Republic and proceeds from maritime harbor, airfield, and other transport services.
- Proceeds based on the sale of services within the framework of tourism.
- Proceeds from the rendering of other services—for example, construction service, assembly work, commercial services, insurance services, etc.
- Proceeds based on the rental of machinery, installations, real estate, films, and other material chattels, including proceeds based on leases.
- Proceeds based on sold licenses, patents, trademarks, etc.
- Accepted monetary credits, including proceeds based on the issuance of bonds (Section 14, Paragraph 1 of the foreign exchange law).
- Capital income and proceeds (for example, dividends, interest payments, income based on the sale of property securities, and other property participation provisions abroad).
- Proceeds from other services and any other income included in the above amounts.

b) Remainders of foreign exchange resources deposited in foreign exchange property accounts held by foreign exchange Czech nationals—legal entities:

- Remainders of accounts established before 1 January 1991 under conditions of foreign exchange standards that are not subject to the obligation to offer such foreign exchange to the bank (Section 11, Paragraph 6 of the foreign exchange law), until such times as they are exhausted (Section 51, Paragraph 2 of the foreign exchange law).

c) Remainders of foreign exchange resources deposited in foreign exchange accounts held by foreign exchange Czech nationals who are private individuals—entrepreneurs:

- Remainders of accounts established before 1 July 1992 that are not subject to the obligation to offer foreign exchange to the bank (Section 11, Paragraph 6 of the foreign exchange law), until such times as they are exhausted (Section 51, Paragraph 2 of the foreign exchange law).

d) Foreign exchange resources that are exempt from the obligation to offer them to the bank on the basis of provisions listed in the foreign exchange law and in the appropriate implementing regulation:

- Foreign exchange resources that represent a deposit by a foreign exchange foreign national as part of the basic worth of a domestic enterprise (Section 11, Paragraph 3 of the foreign exchange law).
- Gifts, inheritances, or bequests in the form of foreign exchange resources, interest on foreign exchange accounts (Section 2 of Decree No. 303/1992 Sb., which implements the foreign exchange law).
- Foreign exchange resources in the accounts of foreign exchange Czech nationals—legal entities, which are scheduled to be used in payment to a foreign exchange Czech national—private individual—by a foreign exchange foreign national (Section 3 of Decree No. 303/1992 Sb., which implements the foreign exchange law).

e) Remainders of foreign exchange resources in foreign exchange accounts established in accordance with individual foreign exchange permissions issued in the previous era by the Czech National Bank:

- Remainders of foreign exchange resources that have been transferred as a result of the express request by a client, with the approval of the Czech National Bank.

f) Foreign exchange resources remitted by a foreign exchange foreign national through another foreign exchange Czech national—legal entity:

- Foreign exchange resources transferred from another foreign exchange Czech national—legal entity on the basis of commission agreements.
- Foreign exchange resources entrusted to domestic legal representatives by a foreign exchange foreign national.

g) Refunds of foreign exchange resources withdrawn from a personal foreign exchange account for the purpose of defraying expenses connected with a foreign business trip by an employee (Law No. 119/1992 Sb. on travel reimbursement), to be accompanied by a statement from the foreign exchange bank.

h) Foreign exchange resources that the foreign exchange bank has refused to buy (Section 7, Paragraph 2 of the foreign exchange law) and with respect to which it has issued an appropriate certification.

3. Foreign exchange resources from these accounts may be utilized for the following purposes:

a) To pay obligations due foreign exchange foreign nationals:

- Payments for imports of goods, including payment for long-term rentals.
- Payments for the reexport of goods.
- Payments for purchased transport services, including payments in conjunction with the transit of goods across the territory of the Czech Republic, and payments for maritime harbor, airfield, and other transport services.
- Payments for the purchase of services within the framework of tourism.
- Payments for other purchased services—for example, construction services, assembly work, commercial services, insurance services, advertising services, consultation services, research work, etc.
- Payments for the rental of machinery, installations, real estate, films, and other material chattels, including payments for lease-type rentals.
- Payments for purchased licenses, patents, trademarks, etc.
- Partial payments for accepted monetary credits, including payments resulting from issued bonds (Section 14, Paragraph 1 of the foreign exchange law).
- Compensation connection with capital transactions, including the purchase of foreign securities and real estate abroad (Section 14, Paragraph 1 of the foreign exchange law) and property participation abroad (Section 34 of the foreign exchange law).
- Payments for other services.

b) To defray expenses connected with a foreign business trip by an employee (as amended by Law No. 119/1992 Sb. on compensation for travel expenses) who is traveling at the behest of his employer.

c) For the purpose of transferring funds based on gifts, inheritances, and bequests.

d) For the purpose of brokering foreign exchange compensation for a foreign exchange Czech national from a foreign exchange foreign national:

- Transfers to other foreign exchange Czech nationals on the basis of commission agreements.
- Payment of foreign exchange resources entrusted to a foreign exchange foreign national.

e) For the purpose of trading with a foreign exchange bank:

- Sale of foreign exchange resources to a foreign exchange bank in return for Czech currency, including time-limited transactions.
- Conversion of foreign currencies with the foreign exchange bank.

If a foreign exchange Czech national—legal entity makes use of foreign exchange resources deposited in a foreign exchange account to meet obligations involving a foreign exchange Czech national, these foreign exchange resources are subject to the duty to offer them for sale to the bank, with the exception of their use for purposes in accordance with Point 3, Letters c, d, and e above. The recipient of the compensation shall receive the koruna value equivalent to the foreign exchange amount involved.

4. A foreign exchange Czech national—legal entity is obliged to provide the foreign exchange bank with the appropriate documents pertaining to everything made from the foreign exchange account that has been established on the basis of the foreign exchange permission that show that he is authorized to make the payment. Without these documents, the foreign exchange bank will not make the payment.

5. Applications for the issuance of foreign exchange permits according to Section 11, Paragraph 4 of the foreign exchange law made for purposes other than those listed above continue to require the submission of the customary letter, accompanied by a certified copy of the extract from the Commercial Register (or possibly a copy of the small business authorization).

Higher Grain Harvest Expected in 1994

94CH0233B Prague HOSPODARSKE NOVINY in Czech 21 Mar 94 p 2

[Article by Jana Francikova: "The Grain Harvest Should Be Higher This Year"]

[Text] Total grain production this year is expected to amount to 7 million tons, which is approximately 400,000 tons more than last year, HOSPODARSKE NOVINY was told by Jan Stehlik, deputy minister of agriculture. According to current estimates, areas sown to grain crops have increased by 70,000 hectares, with the greatest expansion occurring in rye crops (increased by more than 20 percent). Winter wheat areas (also used for food purposes) have increased by approximately 2.6 percent over last year. The average yield of grain crops is being estimated at a level of 4.12 tons per hectare (as opposed to last year's 4.05 tons per hectare), in view of the improved status of winter crops, compared with the comparable period of last year. The attainment of the anticipated volume of the harvest is also based on this year's better development of precipitation in the winter months.

Imports of grain crops last year amounted to a total of 490,000 tons, which is approximately 350,000 tons more than was the case in the previous period, noted Stehlik. Exports (including transfers), on the other hand, declined from 493,000 tons in 1992 to last year's figure of 45,800 tons. "The consequence of such low imports resulted in the overall decline in the use of grain crops in this country by almost 10 percent," the deputy minister stressed. Last year, in terms of overall consumption, reserves rose by approximately 288,000 tons—that is, approximately to a level of 20 percent. "We are thus reaching the optimum level—the low amount of reserves last year was virtually critical," added Stehlik.

Moravcik on Political Situation, Nuclear Plants

AU3004181094 Vienna DIE PRESSE in German 30 Apr-1 May 94 p 3

[Interview with Slovak Prime Minister Jozef Moravcik by Karl-Peter Schwarz; place and date not given: "Closing Down Bohunice Is Just a Matter of Time"]

[Text] [Schwarz] Mr. Prime Minister, for two years you were a minister in Meciar's government, and now you are heading the new government. What is the actual difference between the new and the former Slovak Government?

[Moravcik] We continue what was positive—namely, the transformation of our economy, and we want to implement that as quickly and as consistently as possible. The previous government also had to put its relations with the IMF in order, and we want to do that, too. However, the precondition for that is that the budget deficit be not more than 4 percent of the GDP. Last year it was 7 percent. The former government also declared speedy privatization as one of its goals. In reality, however, it slowed down the privatization process. We want to accelerate it and, at the same time, depoliticize it.

[Schwarz] In your government, very different forces are represented, that are bound together by their opposition to Vladimir Meciar. Can such a coalition last beyond the elections?

[Moravcik] I believe so. However, for this purpose, we need an election result that enables us to continue our work. The precondition for lasting political stability is stability of the political parties, and these parties, for their part, must correspond to the large political parties in Europe. The cooperation of the parties plays a very important role at the European level. In our coalition, we have such parties: a leftist party, a rightist party, and one party of the liberal center. Rightist-leftist coalitions are nothing unusual. In Austria this is working very well.

[Schwartz] At the moment, former Prime Minister Vladimir Meciar is more popular than ever. His ouster was obviously either too early or too late....

[Moravcik] The problem is the date of the new elections. We wanted to postpone the elections for a few months, until spring 1995. By then the government would have had more opportunity to present itself to the voters as a viable alternative. It looks as if the elections in the fall will not change much about the structures in parliament. The problems will remain.

[Schwarz] Meciar's HZDS [Movement for a Democratic Slovakia] obviously fears that you might drag out the election period.

[Moravcik] The election period—30 September-1 October—is definite. We have no intention of changing it, even though developments so far have confirmed our opinion about a later election date. The ouster has given Meciar sympathy. But, when the government ensures a calm and busy atmosphere, which the people want, it will convince the voters.

[Schwarz] After the elections, too, your government would need the support of the parties of the Hungarian minority.

[Moravcik] Yes, this is very likely. The opposition is using this against us. However, we need a rational relationship with the minority parties to be able to solve the minority problem.

[Schwartz] Do you expect that after the elections in Hungary it will be easier to defuse the smoldering conflict with Budapest over that?

[Moravcik] We have the political will to improve relations, and this is in our mutual interest. After all, both countries want to join the European Union as quickly as possible. We cannot afford the conflict.

[Schwarz] Can you adopt the Hungarian position that the minority issue involves not only individual rights but also collective ones?

[Moravcik] We do not think that territorial autonomy would be good for the Hungarian minority. On the contrary, it would create unrest.

[Schwarz] Relations with Austria are attributed particular importance in your government program, in particular with regard to Austria's forthcoming accession to the European Union. However, they are overshadowed by the quarrel over [the nuclear power plants of] Bohunice and Mochovce. What is your position on nuclear energy?

[Moravcik] We would be vary happy if we could free ourselves of the burden of the Bohunice nuclear power plant. For us, this is primarily an economic problem. Bohunice produces a lot of energy, which we need, and we cannot afford changing to another fuel. The government has not yet closed this issue and is still looking for the best possible solution. I am convinced that we will find it.

Closing down Bohunice is only a matter of time. For Mochovce, we want to choose a partner that can guarantee enough safety.

Kukan Outlines Foreign Policy Tasks

AU2904175294 Bratislava PRAVDA in Slovak 27 Apr 94 pp 1, 12

[Interview with Foreign Minister Eduard Kukan by Milan Rusko; place and date not given: "Presenting Slovakia Correctly"]

[Text] Diplomacy is one of the most important instruments for shaping opinion about Slovakia throughout

the world. Foreign Minister Eduard Kukan expressed his views on this and other Slovak foreign policy tasks in an interview for PRAVDA.

[Rusko] Shortly after entering office, you expressed the view that assisting Slovakia's economy is also a task for our foreign policy. How can your department fulfill this task?

[Kukan] I am convinced that highlighting the economic dimension of foreign service work is one of our most pressing tasks. Our representative offices must become more actively involved in looking for ways to help the Slovak economy. This means adopting a pragmatic and new course of action, perhaps even to the detriment of traditional diplomacy, toward these issues. Apart from emphasis on the comprehensive functioning of our diplomatic service, we are also orienting our ambassadors and other diplomats toward forging intensive contacts with business circles and the financial sphere in host countries and toward increasing the information available to potential partners. Presenting Slovakia and its domestic political situation correctly and objectively is essential because foreign investors, in considering activity in our country, want to know what they are getting themselves into and that they are making a purposeful investment. Therefore, the country's political stability is also important.

[Rusko] What do you think of the stage the Conference on Security and Cooperation in Europe (CSCE) has reached? Has it not already passed its zenith?

[Kukan] This question, for example, came up in discussion during my recent visit to Canada. In my opinion, the CSCE is still an important institution; it has not yet exhausted its potential. It is necessary to vitalize its activity, especially in maintaining peace on the continent and in preparing and dispatching groups of observers or delegations to areas of conflict. The CSCE can play a positive role there, even given the existence of other mechanisms. It is necessary to institutionalize its mechanisms more thoroughly. There was often a lack of consensus in decisionmaking in the past. Perhaps for this reason the impression was given that it is declining in importance. I think it could still do a great deal.

[Rusko] Do you think that, in time, it could also have its own military-security structures alongside NATO and the Western European Union?

[Kukan] This is highly unlikely.

[Rusko] Various points of view are also being expressed about the justification for the Visegrad Four (the Czech Republic, Poland, Hungary, and Slovakia). What is your view?

[Kukan] In our opinion, the Visegrad Four should continue to function as a free alliance, without establishing institutions. This alliance could be used for consultations and for coordinating certain foreign policy steps. Representatives from the individual member countries have differing views on the justification for the Visegrad Four, but, as long as the grouping exists, Slovakia will advocate that it continues to function.

[Rusko] At the recent meeting involving seven presidents in Litomysl, it became apparent that there is no unanimous interpretation of the political term "Central Europe." Lech Walesa at least twice publicly expressed his opposition to using this term. Some others admitted that it is, to say the least, difficult to precisely define this term in view of the political, but especially economic, differences among the individual countries in it. What is your interpretation?

[Kukan] The term "Central Europe" has not really been defined precisely. In the wake of the political changes on the continent and the eradication of political bipolarity, this term began to be employed instead of the former ideological term "East Europe." At first, international organizations began to speak about "Central and East Europe," and now they only speak about "Central Europe," but no one can say what belongs there. It is possible to speak about Central Europe as a free and, in specific instances of economic, political, and security contacts, purposefully perceived subregion of the Continent of Europe in which more intensive relations could be developed. We are interested in them, and we consider them to be a form of rapprochement with the whole of Europe. After all, our relations—for example, with the countries that belong to the European Union and with the other countries preparing for entry—have been defined. Similarly, in the security sphere, we have acknowledged the Partnership for Peace—our presentation document should be ready in the very near future—as our road toward NATO. It is unequivocal.

[Rusko] However, because of these very objectives of certain countries, Russia has recently modified its stance. It has modified it with regard to the Partnership for Peace and also, it seems, with regard to NATO. What is the attitude adopted by our foreign policy toward the topical perceptions of Russian diplomacy?

[Kukan] We have emphasized many times in our talks with our partners in Europe and overseas—and we concurred in this—that our interest lies in ensuring that the situation in Russia is stable and that the proreform and prodemocratic forces prevail and govern society. From this point of view, it is essential to keep on emphasizing that our interest in integration with NATO and other European structures does not mean we have any hostile intentions toward Russia. On the contrary, there is room for cooperation with Russia, especially in the economic sphere. Naturally, we see a focal point in this, but we also want to have normal mutual political relations at the level of sovereign states and corresponding to the appropriate norms of international law and diplomacy.

[Rusko] We have good relations with all neighboring states; only in our relations with Hungary are certain elements of tension palpable. In your opinion, how could we get rid of this tension?

[Kukan] By means of a calm, matter-of-fact, and continuous dialogue that would create a favorable atmosphere for gradually resolving the issues on which we have different views. We want to emphasize that the Slovak side is ready for such a dialogue.

[Rusko] During your recent visit to the United States, you, according to the U.S. press, also discussed the sale of products from the Slovak arms industry. Could you tell our readers about the outcome of these talks?

[Kukan] In this case, the reports were distorted. Within the framework of my program, I had lunch in Washington with eight representatives of the U.S. press, actually from influential dailies such as THE WASHINGTON POST, THE NEW YORK TIMES, and so on, and we spoke about all sorts of things. We also discussed arms sales; they asked me about this, and I explained to them the kind of problems we have with conversion and what the more than 90-percent reduction in production compared with 1989 has meant for Slovakia. And, within the framework of the general conversation, I told them that the government is considering a partial renewal of production and possible arms exports, but we will not export them to high-risk regions of conflict. I said this to U.S. journalists, but I did not negotiate with the U.S. side about any arms sales.

[Rusko] A contingent of Pakistani troops is to come to Slovakia and will undergo training here for service in UNPROFOR [UN Protection Force] units.

[Kukan] I discussed these issues with UN officials during my recent visit to the United States. They assessed positively our willingness to provide this opportunity. They noted it, and Slovakia has thus scored a few points. I view this as assistance and cooperation within the framework of the United Nations.

[Rusko] Since we are talking about the United Nations, has a decision been made yet on Slovakia's permanent representative, who will take over from you?

[Kukan] No decision has been made yet. Someone has just been nominated; therefore, I will not mention any names. However, we envisage that he would take up his post sometime in July so that he can become familiar with the working environment and conditions in the United Nations before the start of the next UN General Assembly session in September.

[Rusko] Even before you entered office, there was talk about reducing the number of Slovak representative offices. What are the prospects?

[Kukan] We would not like to reduce their number. We proceed from the premise that the number of representative offices—63, these include embassies, permanent missions, consulates general, and consulates—is not many. After all, countries comparable with us perhaps have more representative offices than the Slovak Republic. We are under a great deal of pressure; it is possible that we will have to adopt some budget measures, but we want, to say the least, to maintain this number of representative offices.

[Rusko] Preparing for the conference to be held at the end of May in Paris on issues concerning stability in Europe is one of the topical tasks facing our diplomatic service. What would the Slovak side like to come up with there?

[Kukan] In preparing for this important event, we are proceeding from the premise that the Pact on Stability should respect the interests of all of the participants on an equal basis. There should be neither "victors" nor "vanquished" in it.

R. Kovac Rejects Accusations, Corruption Charge

AU0205134394 Bratislava NARODNA OBRODA in Slovak 28 Apr 94 p 2

[TA SR report]

[Text] Bratislava— In a statement issued yesterday, Deputy Prime Minister Roman Kovac states that he learned about the motion by 35 deputies to recall him from the post of Slovak deputy prime minister from radio yesterday at noon. He expresses his unequivocal rejection of the accusations leveled against him, which he considers absurd, also because he does not know a single reason that prompted the deputies to come up with their motion. He is convinced that this motion is part of the unfair strategy pursued by a certain political entity, or entities, whose aim is to discredit their political adversaries at any price.

Slovak Prime Minister and Democratic Union of Slovakia Chairman Jozef Moravcik said yesterday that he was not aware of anything connected with the person of Deputy Prime Minister Roman Kovac that would confirm "inability to cope with the post of deputy prime minister, suspicion of attempted corruption, and a faulty moral profile."

Speaking to a TA SR correspondent, T. Cabaj, chairman of the Movement for a Democratic Slovakia Club of Deputies, confirmed that the movement availed itself of specific evidence bearing out Roman Kovac's corruption. He added that they would submit this evidence only at the extraordinary NRSR meeting that has been called to deal with their motion.

Asked about the existence of documents that might serve as evidence, K. Tothova, former minister of justice, said that she did not know these documents.

Moravcik on Deputy Prime Minister Kovac's Post

LD2904182694 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 29 Apr 94

[Excerpts] Slovak Prime Minister Jozef Moravcik was to leave for a working visit to Myjava and Senica today. However, there was a change in his program, caused by

the situation in the Slovak National Council, where 35 deputies submitted a proposal to express a vote of no confidence in Deputy Prime Minister Roman Kovac.

Because the discussion of this point was expected today, as had been announced in the morning by Government Office Spokesman Lubomir Lintner, the presence in Bratislava of both these representatives of the Cabinet is necessary.

Editor Zuzana Stukovska interviewed Prime Minister Jozef Moravcik on this topic last night. She was interested, in connection with the discussion about Roman Kovac in the parliament, in whether the prime minister was concerned about the image of the government he is heading.

[Begin recording] [Moravcik] I know Mr. Roman Kovac. I do not think that fabrications—because I think they are only fabrications—could jeopardize his position. I do not underestimate our citizens in this regard, either, because they will be able to make up their own minds about the matter.

[Stukovska] Tibor Cabaj, chairman of the HZDS [Movement for a Democratic Slovakia] Deputies' Club, confirmed to TASR [News Agency of the Slovak Republic] that the Movement has at its disposal actual evidence linking Roman Kovac to corruption. Prime minister, if these findings are serious, will you ask the deputy prime minister to resign?

[Moravcik] So far, I have not had the opportunity to familiarize myself with these documents, and I do not think they exist.

[Stukovska] In connection with your new post, you have replied several times this week to the question whether or not, by virtue of being elected chairman of the Democratic Union, you were going against the philosophy on the basis of which the current coalition government was formed—that is, the idea that it would be a government without top party political leaders. It appears, however, that your replies have not been altogether convincing because Peter Weiss, chairman of the SDL [Party of Democratic Left], said very clearly—I quote—I do not want to dramatize this, but it means advantages to DEUS [Democratic Union of Slovakia] in contrast to other partners in the elections—end of quote. Prime minister, do you think that this, on the surface, minor reproach means the beginning of various coalition disagreements?

[Moravcik] Immediately after this, I contacted Mr. Weiss and we discussed this topic. We arrived at the conclusion that this fact cannot harm our mutual relations. This means that we know how to deal with the new situation, and I firmly believe that this assessment of the situation will last also in the future. [passage omitted]

[Stukovska] So, you assume that you will not have to prove that your new post will not make your party the favorite in the early parliamentary elections?

[Moravcik] It should not. [passage omitted] [end recording]

Meciar on New Government, Decisions Made

94CH0211A Prague ZEMEDELSKE NOVINY in Czech 25 Mar 94 pp 1, 10

[Interview with Vladimir Meciar, chairman of the Movement for a Democratic Slovakia and former Slovak prime minister, by unidentified correspondent; place and date not given: "The Path I Followed Was the Right One"]

[Text] Not even after having been removed from his position as prime minister for the second time does Vladimir Meciar feel defeated. For he has no doubt whatsoever that, after the early parliamentary elections in the fall, he will come back victorious at the head of his Movement for a Democratic Slovakia [HZDS] to reclaim his position as prime minister. Much has been written about this 52-year-old politician during the past several weeks. But let us hear from Vladimir Meciar himself, without whom, whether we like it or not, Slovak internal political developments in the immediate future cannot be imagined.

[ZEMEDELSKE NOVINY] Mr. Chairman, how do you evaluate the current political developments in Slovakia? Can the unanimous vote to hold early elections be considered something that will calm the situation here?

[Meciar] New elections will not resolve a single substantive problem facing Slovakia. At most, they will succeed in changing the representatives who are to solve those problems. The elections mean postponing the threat of a possible confrontation within society. It will take the present governing coalition a long time to recover from the way we maneuvered it into voting to shorten the electoral term. Before the vote, it was agreed that Weiss's SDL [Party of the Democratic Left] will not join the government if the new date for elections is not approved. But it broke this agreement nevertheless, as it did many others before, and the government was formed. At the same time, the present governing coalition did not want new elections. It voted in favor of the elections because it was convinced that we did not want them and that the law therefore would certainly not pass.

From the viewpoint of the internal political situation in Slovakia, the present situation is very bad. The continuity of all of the processes that were successfully under way was interrupted. Moravcik's government will be doing nothing for at least a month but searching for a new program or looking for mistakes of the old government for the sole purpose of giving the appearance of being better. The former, or, if you will, my government, was a minority government, but it came out of the democratic elections a winner. The present government is again a minority government.

Represented in it are both the SDL and the KDH [Christian Democratic Movement], as well as two

steering committees of parties that are still in the process of being formed. Also represented in it is Knazko's Alliance of Democrats, which no one elected to the parliament. The coalition is a minority that is dependent on the support of Hungarian political parties. The same as in Jan Carnogursky's government, the Hungarian political parties presented their bill to this government, which it will have to pay willy-nilly.

Nor were relationships within the parliament resolved. The disintegration that followed the democratic elections, particularly in our movement because of our mistakes as well as external pressures, be it from the president or the then opposition parties, resulted in there now being 24 deputies in the parliament who were originally elected as representatives of different parties. They are now "programless" and Prime Minister Jozef Moravcik is "unattached"; he has no political party behind him. The makeup of his character allows, of course, for obedience in the relationship between the president and the prime minister....

An interesting situation developed in connection with the fact that, in a manner unheard of in the history of democratic countries, the president, who does not have the right to control the activities of the government, utters criticism of the prime minister although he knew that the entire government will fall, and makes his own function in the government hang in the balance because the prime minister has different views on some matters. This is a case without precedence in the world. Many problems are related precisely to Slovakia's efforts to halt the overall pace of economic decline. But this situation will last for some time and its impact will be deeper. The desire for power with which a few people in party leaderships, even those who are not in the government today, became intoxicated was greater than the feeling of responsibility toward the citizens for the consequences. That is bad. Slovakia is also undergoing a crisis of personalities, a crisis of political entities, and these political entities have a negative impact on the country.

[ZEMEDELSKE NOVINY] While you were prime minister you were often criticized for centralizing power and for your controversial character. What do you think of such criticism, criticism that comes not only from the president.

[Meciar] To talk about centralization of power is to show a great lack of understanding of how, in fact, the power spheres of a state work. The HZDS never had a majority in the parliament and was always dependent on the support of somebody else. So what is this about centralizing power in the parliament? A minority that centralizes the majority?! That is indeed ingenious nonsense. Who then wants to talk about concentration of power? And that I became prime minister on the basis of democratic elections. That is, after all, normal.

I have never once lowered myself to using administrative instruments or power to conduct public policy. Today even many of my friends blame me for being too democratic, for having too liberal an attitude toward everybody. But even so, I think that the path I followed was the right one and that power is used only by those who do not know how to govern any other way. Moreover, the talk about centralization of power was heard mostly at the time I held the post of minister of privatization. I did not privatize anything for myself, my family, or relatives. I placed those who thought they had priority rights to everything in line according to importance, the same as everybody else. The slogan "Stand in line and wait to see if you are better" was felt as a threat by many. That is why they began spouting nonsense.

We all have a certain character makeup, and political personalities in particular cannot be such that they suit everybody. In all of us there is something good, something bad. Show me a person who is ideal.... It simply cannot be a flesh and blood human being. But I am glad that it is mostly my character traits that are being criticized because that means that no faults are being found with my work.

After everything I experienced during the four years of my political life, and obviously will yet experience during these six months, I think that each of us writes his references through his own work. Whether people want a certain politician must be decided precisely through elections, not by the person who sits next to me and thinks I should play second fiddle or by someone who holds another position and thinks his function is more important, maybe in just one power structure, and someone else would suit him better. If you do not have a majority in the parliament, the president is in opposition to you, the courts are independent, and so try to talk about concentration of power. Lord, forgive those who do not know what it is!

[ZEMEDELSKE NOVINY] Constant attacks on President Michal Kovac are incensing the crowds. People have a feeling of uneasiness, which will probably end only after the new elections. Are such attacks on the president necessary, and will they be part of your election campaign?

[Meciar] There is a good passage in the Bible that says woe to those with whom scandal originates. I do not think at all that the president is being attacked. Rather, I believe that Michal Kovac's actions are engendering a justified anger among the citizens. The point is that the president does not have the right to step beyond the constitutional sphere of activities and powers the Constitution accords him. When he goes beyond the scope of his powers, the citizen has not only the right but also a duty to protest.

The president simply cannot ignore the political will of the citizens, the president cannot intrude into political parties and try to break them up, the president cannot engage in intrigues—whether openly or covertly—against a government that was formed on the basis of democratic elections. But, if he does that and thinks he is

justified in staying in office, he is very much mistaken. The only decent solution is for him to resign in the interest of the stability and purity of national life.

I do not believe we need to stoop so low as to mount some kind of attack on Mr. Kovac, who, by the way, used to be my deputy in the HZDS. After all, he will take care of everything himself.... Everyone is the architect of his own good fortune or misfortune. I, too, proposed him for president of the Republic. Today, I must admit, I should not have done it.

[ZEMEDELSKE NOVINY] Eighteen people have already left the HZDS deputies' club. According to our information, there are still a number of people in the movement who have social democratic tendencies or lean toward other parties of the center. Do you suppose that in the preelection period a further splintering will take place within the HZDS?

[Meciar] The HZDS meets Slovakia's needs by its stable, strong, centrist position. Therefore, no turn to the right, no turn to the left, but straight ahead! That is why the HZDS also had mass support among the voters. This movement could not be broken up from the outside—only from the inside. Pressure could be applied from the outside, but, without allies on the "inside," the objective would not have been achieved. The first signal for departure was Knazko's signal, with whom seven people left. He failed as a politician, he failed as a government official. Naturally, he blames his failures on somebody else.

The departure of another group from the HZDS was connected with Roman Kovac and Jozef Moravcik. True, their work came under extremely critical scrutiny in my government. They felt themselves personally threatened, and they reacted by trying to break up the club, taking with them eight persons. They created the so-called alternative, but, basically, even before they created it, they talked with the opposition about forming a new government.

Schmognerova Addresses IMF on 'Transformation'

AU0105183494 Bratislava PRAVDA in Slovak 27 Apr 94 p 13

[TA SR report: "Unpopular Measures on the Horizon"]

[Text] Washington—"The International Monetary Fund (IMF) should establish close contacts with the emerging World Trade Organization (WTO). We support the view that industrially advanced countries should limit trade barriers and, from the very beginning of this new trade era, open their economies more to states undergoing transformation," Deputy Prime Minister Brigita Schmognerova said at the annual IMF meeting in Washington yesterday. Her speech was the first by a representative of independent Slovakia at this forum. Together with Russian Deputy Prime Minister Aleksandr Shokhin, she represented the group of IMF states that are undergoing transformation.

Brigita Schmognerova said that latest experience testifies to the IMF's greater flexibility in relation to the need for the social acceptability of the transformation strategy. In this process, the IMF almost unilaterally emphasizes the formation of a social net, however, which places great demands on budget expenditures. These expenditures among the main causes of budget deficits, according to Schmognerova, rather than the subsidizing of state-owned companies. Vice President of the European Union (EU) Danny Christophersen explained the EU program to assist transforming states and the loan in support of macroeconomic stabilization. According to Deputy Prime Minister Brigita Schmognerova, Slovakia, too, will seek to obtain this credit from the EU.

"We assume that some consumer taxes will be changed and that the value-added tax for some products will be raised, which will be reflected in prices. The government would have to take these measures in the interest of eliminating the risks of the budget management, even if it did not strive to obtain the stand-by loan from the IMF," Brigita Schmognerova said after her talks with IMF Executive Director William Kiekens and head of the IMF mission to Slovakia Emmanuel Zervoudakis.

Poll on Meciar, Kovac Speeches to Assembly

AU3004135094 Bratislava SME in Slovak 27 Apr 94 p 3

[Article by "r": "Slovak Republic Citizens' Approach to the Speeches Made in Parliament on 9 and 11 March 1994"]

[Text] Bratislava—Citizens' views on the speeches made by President Michal Kovac and then Prime Minister Vladimir Meciar during the 27th meeting of the National Council of the Slovak Republic were monitored by the Public Opinion Research Department of the Slovak Statistical Office in the first 10 days of April. The extent of respondents' lack of information about the two speeches was the same, with one-third of the respondents stating that they did not know the contents of the speeches.

Approximately one in four (24 percent) of the 1,287 respondents accepted the president's speech fully, 27 percent accepted it with reservations (they agreed only with some of its parts), and 16 percent expressed a negative attitude.

Views on the former prime minister's speech were slightly more negative. The evaluation of the contents of Vladimir Meciar's speech shows that there were 5 percent fewer approving reactions (19 percent) and 3 percent more disapproving reactions (19 percent). The proportion of those who agreed with reservations was 2 percent higher than with respect to the president's speech and represented 29 percent.

In expressing their views more specifically, the respondents applied several levels of assessment. When asked to evaluate spontaneously the contents of Michal Kovac's speech, respondents expressed their greatest appreciation for the fact that it was truthful (20 percent). The opposite view (that the speech was not truthful) was expressed by 8 percent of respondents. The president's criticism of the government (or, respectively, Prime Minister Meciar) was endorsed by 9 percent of respondents, while 11 percent rejected it.

When assessing the contents of Vladimir Meciar's speech, some 23 percent of respondents did not consider it truthful, while 16 percent held the view that the former prime minister was speaking the truth. One percent of respondents endorsed Meciar's criticism of the president, while 5 percent rejected it.

Specific views on the speeches in parliament were expressed only by respondents who were familiar with their contents.

The responses were collected between 1 and 8 April 1994 from 1,287 citizens of the Slovak Republic above age 18, representative in terms of sex, age, level of education, nationality, size of the community of residence, and region of Slovakia.

Views on President Michal Kovac's Speech in the National Council of the Slovak Republic on 9 March 1994 (in percent)

Fully agree	24
Agree with some parts	27
Totally disagree	16
Not familiar with contents of speech	33

Views on Vladimir Meciar's Speech in the National Council of the Slovak Republic on 11 March 1994 (in percent)

Fully agree	19
Agree with some parts	29
Totally disagree	19
Not familiar with contents of speech	33

Five Right-Wing Parties Consider Forming Bloc

AU2904200394 Bratislava SLOVENSKY DENNIK in Slovak 27 Apr 94 p 1

[Article by "var": "United by Closeness"]

[Text] Bratislava—Representatives of the National Democratic Party, the Christian Democratic Movement, the Democratic Union of Slovakia, the Democratic Party, and the Party of Entrepreneurs and Tradesmen of the Slovak Republic met in the National Council of the Slovak Republic yesterday. They discussed the possibilities of forming a united right-wing bloc before the coming parliamentary elections. The parties agreed that, while being divided by their past, they are united by the closeness of their programs. The most hotly debated issues were the possible formation of a single electoral ticket, the possibilities of other parties joining in, and the formation of a bloc of civic accord [blok obcianskej dohody]. The parties are interested in the votes of their electoral base not getting lost. At the time of our going to press, the meeting of right-wing and liberal parties continued.

[Bratislava SME in Slovak on 27 April on page 1, under the headline "Meeting of Representatives of Five Political Parties," carries the following "sl, dos"-signed report: "Representatives of five political parties of the center and the right met in Bratislava yesterday. The TA SR published a report, according to which the meeting resulted in the formation of a preelection coalition—the Bloc of Civic Accord. According to our information, this report caused commotion among those present because the talks were still in progress at the time of its release. The attending parties—the Christian Democratic Movement, the Democratic Union of Slovakia, the Democratic Party, the Party of Entrepreneurs and Tradesmen, and the National Democratic Party—discussed their cooperation in the election campaign."]

KOZ Decides Not To Back Any Party

AU3004134994 Bratislava HOSPODARSKE NOVINY in Slovak 27 Apr 94 p 2

[TA SR report: "The Confederation of Trade Unions Will Remain Apolitical"]

[Text] Bratislava—At a regular meeting in Bratislava yesterday, participants in the Assembly of the Confederation of Trade Unions (KOZ) dealt with labor safety and health protection issues, the development of employment, and the implementation of an active employment policy. They discussed a proposal concerning KOZ's involvement in the election campaign and internal trade union issues.

According to the trade unionists, the level of employment has declined, in particular, in the branches of agriculture, industry, and construction. In their opinion, not a single government has adequately addressed this problem. No comprehensive concept has been drafted, and no basic direction of policy has been determined. It is therefore necessary to carry out a consistent analysis of the labor market and the effectiveness of financial resources spent [on employment policy]. As far as the management of state administration is concerned, the trade unionists regard as the best solution the management of labor offices and the regional Employment Fund bodies from a single center.

The participants in the assembly noted that KOZ will become involved in the elections only through individual trade unions and will not give support to any political party. They asked KOZ president Alojz Englis to communicate to the prime minister of the Slovak Republic the trade unionists' dissatisfaction with the speech made by Minister of Labor and Social Affairs Julius Brocka at the Sixth Conference on Trade Union Cooperation in Europe.

Coalition Deputies To Head Council Committees

AU0205133594 Bratislava PRAVDA in Slovak 29 Apr 94 pp 1, 2

[Report by Ivan Bielik and Stefan Hrcka: "Partly Disclosed Party Finances"]

[Excerpts] Bratislava— Yesterday's second day of the 30th meeting of the National Council of the Slovak Republic [NRSR] ended prematurely, owing to a deputies' boycott. Ludmila Muskova (Movement for a Democratic Slovakia, HZDS) told the plenum shortly after 1600 that deputies for the HZDS and the Slovak National Party [SNS] had been discriminated against at yesterday's meeting of the parliamentary culture committee because they did not receive background documentation for a discussion on the statutes of the Slovak Television Council. [passage omitted]

Subsequently, a part of opposition deputies did not present themselves during a vote and NRSR Deputy Chairman Peter Weiss (Party of the Democratic Left, SDL), who chaired the meeting, had to declare the meeting closed because Parliament did not have a quorum.

At the outset of its meeting yesterday, the NRSR took note of the Slovak Prosecutor General's report on the state of legality in 1993. [passage omitted] Subsequently, deputies decided with final validity on the fate of the NRSR law of 18 February 1993 on the payment of the state compensatory allowance and child allowances. The fate of this law has been undecided for more than a year after, on 1 March 1993, then Prime Minister Vladimir Meciar returned the law to the NRSR for another discussion because it did not place families under the obligation to furnish evidence of the level of their income. On 22 February 1994 the Slovak Constitutional Court confirmed the validity of the law's return and Parliament therefore discussed the law anew yesterday. Opening the debate on the law, Minister of Labor, Social Affairs, and the Family Julius Brocka (who, as deputy, had submitted the original draft) said that, at the time of its submission, the aim of the bill was to speed up the drafting of a new, more equitable, and more specifically targeted law on child allowances. According to Brocka, the government has already prepared the draft of such a new law and the law of 18 February 1993 has therefore lost justification and Parliament should reject it. After polemical statements by some opposition deputies, the NRSR finally abolished the returned law. [passage omitted]

After the lunch break, the plenum elected by secret ballot Jozef Kosnar (SDL) as chairman of the NRSR National Economic and Budget Committee and Bohumil Kacmar (Democratic Union of Slovakia, DEUS) as chairman of the NRSR Committee for Agriculture, Forestry, and Water Management. Stefan Kvietik (National Democratic Party-New Alternative) became chairman of the NRSR Committee for Education, Science, and Culture, after Marian Andel (SNS) failed in the vote. Parliament also elected new members of its commission that deals with the problems of the Gabcikovo-Nagymaros system of hydroelectric power projects. Jan Weis (SDL) was elected chairman of the commission and Jan Krivcik (Christian Democratic Movement) and Jozef Prokes (SNS) were elected commission members.

Subsequently, at a closed meeting, the deputies assessed a report on the submission of political parties' and movements' annual reports on their financial management in 1993 and agreed with its being made public. Of the 54 registered parties and movements, 13 failed to submit their annual reports to Parliament. [passage omitted covered by referent item] The report states that, in contravention of the law, several political entities did not announce the names of donors who had donated one-time gifts with a value of more than 10,000 korunas or a total of more than 50,000 korunas in the course of the whole year. Parliament's report did not specify, however, which parties did not meet this obligation. [passage omitted]

After the discussion of annual financial reports, Parliament was supposed to vote on supplementing the parliamentary commission for supervising the activity of the Slovak Information Service. Because of the incident described above, however, the meeting was suspended and is to continue today.

Latest Trends in Foreign Trade Analyzed

AU2904182094 Bratislava HOSPODARSKE NOVINY in Slovak 27 Apr 94 p 2

[TA SR report: "Trade Deficit for January and February; Czech Republic Is Slovakia's Largest Trading Partner"]

[Text] Bratislava--The Slovak Republic's foreign trade turnover in the first two months of the year reached a sum of 60.5 billion korunas [Sk] (in trade parity) and was 39.6 percent higher than in the same period a year ago. The Slovak Republic imported in this period Sk32.2 billion worth of raw materials and products, 52.8 percent more than in the same period a year ago. The value of Slovak exports—Sk28.2 billion—went up 27.1 percent, compared with the first two months of 1993. The Slovak Republic's foreign trade balance for this period thus shows a deficit of Sk3.9 billion. This transpires from an analysis of the development of the Slovak Republic's foreign trade carried out by the Slovak Statistical Office.

Slovakia's key trading partner was, also at the beginning of this year, the Czech Republic, which absorbed 37.6 percent of Slovak exports and accounted for 30.4 percent of Slovak imports. The second-most-important partner was the FRG, with which Slovakia realized 18.7 percent of its exports and 11.2 percent of imports, followed by the Russian Federation, Hungary, and Ukraine. In the first two months of the year, the Slovak Republic achieved a surplus of Sk1.9 billion in its trade with the countries of the European Union.

Licensing Commission Chief Views Arms Trade

AU2904162594 Bratislava SME in Slovak 27 Apr 94 p 13

[Interview with Colonel Bohumir Gerinec, director of the Defense and Security Affairs Department operating under the Slovak Government Office, by Peter Sporer; place and date not given: "Armex Has Not Become an Alternative to Omnipol in Slovakia"]

[Text] [Sporer] The sale of weapons is often being written and spoken about only in allusions in Slovakia. What does a person think about this who, in his capacity as head of the government commission that awards licenses for the export and import of arms, should have a sufficient overview?

[Gerinec] Each businessman tries to find a buyer and, once he finds him, he tries to keep his name a secret because many possibilities exist to jeopardize a potential deal. The producer or seller, let alone the buyer, therefore prefers not to speak. I believe that it has been positive for Slovakia thus far that one was talking less in this regard, and doing more.

[Sporer] Doing? On the basis of the small amounts of spare parts produced in our arms factories (about 5 percent of the original production volume from the time before conversion) to which the factory managers admit, this "doing" could not involve large-scale deals?

[Gerinec] I agree. Besides, the sales have been restricted to excess equipment from the arsenal of the Army of the Slovak Republic, and these sales are gradually coming to an end, owing to the available time frame, which is limited by international agreements.

[Sporer] The state used to sell heavy weapons manufactured in Slovakia through the Omnipol foreign trade company. This company was and still is represented by people who now live in the Czech Republic. These businessmen have contacts with specific countries and, within these countries, with specific customers. It is logical that, when an Arab client or another customer used to conclude agreements on deliveries with someone from Omnipol during a dinner, he will not turn to the prime minister or the arms factory director with an order today, but to the man with whom he once cooperated. Is the loss of Omnipol a big loss?

[Gerinec] It represents not only a loss but, literally, damage to Slovakia's interests. These people continue to work for the benefit of those who pay them; their priority is to conclude contracts for the benefit of their own organization—that is, Omnipol. They trade in arms manufactured in the Czech Republic, but, naturally, they also try to sell weapons manufactured elsewhere. Business is business. Naturally, they try to achieve the maximum financial profit for Omnipol, also vis-a-vis our factories, for example. We are trying to prevent this by means of the system we have created. Only a Slovak firm or juridical person can trade in arms commodities in Slovakia.

[Sporer] But cannot Omnipol still participate in business transactions as a middleman?

[Gerinec] It could do so only through a Slovak firm that would make the purchase for it. Omnipol could then sell the merchandise to a third party.

[Sporer] The most ideal solution would perhaps be to enlist people from Omnipol for a similar firm in Slovakia, or am I wrong?

[Gerinec] Omnipol is a well-established organization. The people working there have certain guarantees. Slovakia does not avail itself of a similar organization that would be established on world markets. Our businessmen who have acquired some reputation in this branch tried to enlist them, in a way. But the offer of something that could only be successful in the long run was too little, compared with the guarantees they now have.

[Sporer] How do you evaluate, from this viewpoint, the activity of Mr. Luhovy, for example, former minister of general engineering and, before that, director general of the ZTS [Heavy Engineering Works] economic production unit?

[Gerinec] As far as I know, Mr. Luhovy is involved in business while being retired. He lives in Slovakia and wanted to help Slovakia.

[Sporer] Was he rejected?

[Gerinec] No. Of course, the question is how such assistance can be realized. I do not know how Mr. Luhovy is doing. I am not in touch with him.

[Sporer] The Armex company was established in Slovakia almost seven months ago, as an alternative to Omnipol. The former government placed Vitazoslav Moric, honorary deputy chairman of the Slovak National Party, at the head of this company. Yet, to this day, Armex has not received a license from your commission....

[Gerinec] It is difficult to comment on this issue because Armex has not yet applied for a license. It apparently had a reason not to apply.

[Sporer] What reason?

[Gerinec] The state retained 100-percent participation in Armex. An organization made up of representatives of five government departments was to be established, whose task was to take upon itself trade issues and also to coordinate these activities, if possible. The launching of Armex was linked to the launching of production in arms factories. The problem is that not even the basic prerequisites have been met—I am thinking, among other things, of the experience and initiative of the people involved—so this organization does not work. It was perhaps exaggerated to expect more of the state officials who were charged with this duty.

[Sporer] Is it within the government's jurisdiction to resort in Armex to personnel changes, for example?

[Gerinec] Of course. The government established the company, it appointed its director general, and it can even dissolve Armex.

[Sporer] How many companies trade in arms in Slovakia?

[Gerinec] This question is difficult to answer because it is a question of obtaining a permit [koncese] for sale, which is awarded by the Ministry of Interior of the Slovak Republic. Once the ministry grants someone a permit to sell and purchase arms commodities, he can ask the government's licensing commission for a license to engage in this activity. However, there are private businessmen who sell weapons only on the territory of the Slovak Republic on the basis of a mere trade license. If they restrict their sales to the territory of the Slovak Republic, they need not be holders of a license from our commission. I emphasize, however, that those who export or import weapons must ask our commission for a license. Firms trading in short hunting weapons make use of this possibility most. However, a license can be requested even by a company that mostly trades in other commodities and wants to engage in arms trade as a supplementary activity.

[Sporer] People in the Martin and Dubnica arms factories claim that, after conversion, Poles rushed into the territories that have been vacated by Slovaks. Russians, too, are very active. Moreover, the Czechs have set up the RDP [Research, Development, Production] Group [holding of arms manufacturers] and try to assert themselves with a modernized T-72 tank. What chances are there for our heavy weaponry to return to its former markets?

[Gerinec] It is true that the Poles, who have not carried out any conversion, entered the vacated space. The Russians have not stopped developing tanks and have already mastered the production of tanks of the T-80 and T-90 ranges. Moreover, they own a great mass of excess weaponry [that they must discard to comply with international agreements]. It must be admitted that we have never manufactured any new models, but well-established models that we were able to "show," so to speak. That is also true of the T-72 tank. If we want to be successful, someone will therefore have to invest in development.

[Sporer] Which "someone"?

[Gerinec] A customer interested in the commencement of production. It is customary abroad that this task is assumed by the army of the country that owns arms production. The army replaces its equipment, and trade with other countries gradually receives a chance. The problem is that our Army's budget, no matter how high it may seem in comparison with the budgets of other government departments, simply does not allow the Army to supplement its arsenal with new weaponry. Therefore, the Army is not able to help set arms production in motion. It is a different matter, of course, when a factory starts an innovation program and reconstructs a tank turret, for example (which is the case at the Dubnica arms factory), and finds for it customers in armies equipped with T-72 tanks. It is up to the managers of these arms factories to calculate whether such deals are worthwhile.

[Sporer] There is talk about the state having lost tens of billions of korunas as a result of conversion. Plainly speaking, how can the arms factories cover this loss, in your opinion?

[Gerinec] Their managements are in the best position to answer this question. However, it would probably be inappropriate for me to reply only that the annual turnover of special production used to represent some 20 billion Czechoslovak korunas. People from the Martin factory cite a better example. They say that, when they produced and sold a single tank, they made the same profit they make from the production and sale of 40 tractors today.

Boross Meets Slovak Counterpart in Komarom

LD0105215294 Budapest Kossuth Radio Network in Hungarian 2100 GMT 1 May 94

[Text] The Hungarian and Slovak prime ministers have met in Komarom. As planned originally, no agreement has been signed at the talks between Peter Boross and Jozef Moravcik. However, the two discussed the situation of the Hungarian minority in Slovakia, the Boes [Gabcikovo] Dam, the elimination of double taxation, and the opening of new border crossing points.

At the joint news conference it was said that the greatest achievement of these Hungarian-Slovak prime ministerial talks is that a new phase will begin in bilateral relations. The meeting made possible the settlement of the disputed issues at a later stage, it was said at the press briefing.

Prime Ministers Comment on Talks

LD0205095394 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 0500 GMT 2 May 94

[Report by correspondent Gregor Martin Papucsek from Budapest]

[Excerpts] Last night's dialogue between the Slovak and Hungarian prime ministers was not in vain. At least they established which of the problems were of greater importance. One of these problems is the so-called basic treaty, which contains a clause on the unalterability of the border. This is what Peter Boross said when responding to my question about whether the Hungarian side allowed itself be convinced by Jozef Moravcik's arguments:

[Begin Boross recording, in Hungarian with superimposed translation into Slovak] Given the complexity of this issue and the type of talks we have had, we were unable to reach a final agreement. This, of course, does not counter our intention to examine all the issues, systematically and as a part of a consistent dialogue. But that requires a lot of time. We must adopt a realistic attitude when solving difficult issues. [end recording]

Since we want to adopt a realistic attitude, the first thing we could agree on is the opening of new border crossings. True, the prime ministers failed both to define specific crossings and to set specific dates. But the Slovak side does not link this issue with the readmission agreement, as was the case until the recent past. Slovak Prime Minister Jozef Moravcik said:

[Begin Moravcik recording] We discussed the readmission agreement (?before). We do not link the conclusion of this agreement with border crossings. We indicated the ways in which existing differences in views on both sides can be overcome. There is a need for more talks with other states, so that the stream of people coming from other countries, particularly from Germany, would not be halted in either country. [end recording]

HSP Wants Apology From Hungarian TV

LD3004163294 Budapest Kossuth Radio Network in Hungarian 1500 GMT 30 Apr 94

[Text] The Hungarian Socialist Party [HSP] calls on the leader of Hungarian Television to ensure the cleanness of political programs in the remaining part of the election campaign and to suspend from their jobs the editors of the "Newsreel" and "Panorama" programs. Imre Szekeres, executive deputy chairman of the HSP, notes in a letter addressed to TV Deputy Chairman Gabor Nahlik that the television documentary and news programs contain false allegations that fulfill the conditions for defamation and public slander. The HSP demands that the editors responsible for the programs apologize publicly to the party and the slandered politicians, and that Deputy Chairman Gabor Nahlik apologize for the false accusations by 2 May. The HSP is asking the National Election Committee to take a stance in connection with Hungarian Television's political programs; if no change occurs the party will appeal to the supreme state prosecutor.

Further Reportage on Continuing Strikes

Krzaklewski on Coal Strike, Decentralization

PM2904153294 Lodz GLOS PORANNY in Polish 22 Apr 94 p 5

[Interview with Solidarity Chairman Marian Krzaklewski by correspondent Beata Kostrzewska; place and date not given]

[Text] [Kostrzewska] You were supposed to be going to Romania, but you stayed in the country. Was this to meet with Prime Minister Waldemar Pawlak?

[Krzaklewski] I postponed my visit to Romania because of the strike at the brown-coal mines, which is not only an internal action within the mining sector but also a protest action on the part of the entire trade union.

[Kostrzewska] What was the subject of your talk with Prime Minister Pawlak several hours before the start of the strike at the brown-coal mines?

[Krzaklewski] We discussed two things. First, the general ways of tackling the "popiwek" [enterprise tax on above-normative pay] act and, second, specific projects involved in decentralization of the wage-regulation system. If we do not create appropriate mechanisms in that sphere, we will never move to the stage of civilized wage control. Appropriate acts related to these solutions should be introduced with the same speed with which the popiwek act is being processed at the moment. I should also like to add here that Prime Minister Pawlak approved our proposal in our talk. Unfortunately, however, it seems that it is the chief accountant rather that the state's chief administrator who runs the country at the moment because yet another revised version of the popiwek act has been submitted for parliamentary debate.

[Kostrzewska] What is Solidarity hoping for at the moment?

[Krzaklewski] We expect sensible and consistent action from the prime minister. He must stress his position as head of government. I cannot imagine a situation where a prime minister hailing from a political configuration that commands the parliamentary majority would be saying one thing while deputies from coalition parties would be saying another altogether. If this is a manifestation of a lack of political cohesion or an internal conflict within the coalition, these things are bound to come to the surface soon. If, on the other hand, it is a deliberate strategy pursued by the prime minister, the consequences will soon follow.

[Kostrzewska] What were your impressions from your talk with Prime Minister Pawlak?

[Krzaklewski] It was a man-to-man talk. The prime minister showed considerable knowledge of the subject, which is something that does not happen too often in talks with government representatives. I can see that Mr. Pawlak has studied our project for decentralized wage-control mechanisms quite conscientiously. However, this should oblige him even more to fulfill the promises he has made to us. But it is quite obvious that, as far as the prime minister is concerned, politics and real life are two different things. On the other hand, we can judge the prime minister not only on the basis of the talks we have had with him and his public utterances, but also by the actions undertaken by his government and parliament.

[Kostrzewska] Do you see a chance that your demands will be met?

[Krzaklewski] Yes, in substantive terms. The system we have presented to the government and that is to replace the popiwek scheme is perfectly clear-cut, but the government regards its possible introduction as a political decision. The authorities in power in Poland now are probably afraid of the introduction of a decentralized employer-employee communication system. Officials in charge of the Finance Ministry are afraid of losing the privilege of making centralized decisions regarding wages—both in general terms and in individual enterprises. I have seen very clear indications of mounting panic in the finance sector.

[Kostrzewska] How long will the strike at the brown-coal mines last?

[Krzaklewski] Until it has brought results. The miners are most firmly determined, and I hope their example will make the government realize the meaning of compromise with the trade unions—that is, a will to step down part of the way and seek solutions that would lie somewhere in the middle between the most extreme positions. Until now, the government made political decisions to ensure that there would be no compromise with Solidarity. The popiwek act has come to parliament's attention, but our other demands have not even been considered—not even those the government was obliged to meet because the previous authorities in power had undertaken to meet them. Here I am thinking specifically of the agreements and acts signed within the framework of the "Enterprises Act."

[Kostrzewska] Is the strike going to continue until you get results? In other words, are you going to call it off after the scheduled 48 hours, or will you carry on beyond that deadline?

[Krzaklewski] We shall see. The Brown-Coal Miners' National Strike Committee can, under the terms of the approved procedure, apply to the National Protest Action Headquarters to extend the strike's proposed time span. That is why the 48 hours are not a strict deadline marking the definitive end of this particular protest action. We would like to have cut down the time of the protest action, but Mr. Pawlak must first give us a certain document. I told him myself what that document should entail; unfortunately, I cannot discuss it at this moment because I am bound by a promise I gave to the prime minister that I would not divulge the substance of our talk.

[Kostrzewska] During your latest visit to Lodz, you said that the Solidarity protest action would last until your demands are met and implemented....

[Krzaklewski] And I do maintain that position because we no longer believe any declarations or compacts. First, it is announced in the TV News that the prime minister is opposed to the popiwek act and intends to reject it, and then, two minutes later, we hear in the same program that a parliamentary debate on a new popiwek project is in progress now.

[Kostrzewska] Why have you come to Lodz? Is this only a stopover on your way to Belchatow, or did you have any relevant decisions to make here?

[Krzaklewski] We have important experts here. We came to coordinate the union's position on the prime minister's project of the ways in which we could depart from the popiwek scheme, even though parliament is already debating the new popiwek bill without waiting for our union's opinion.

[Kostrzewska] Is a meeting with the president very likely?

[Krzaklewski] Our invitation is still open, and I believe that such a meeting should take place within the next two weeks. We want to explain our demands, and ways of implementing them, to the president in the obvious hope that, if we give him a sufficiently extensive clarification of our position, he will become an advocate of our stipulations. They are devised as a stabilizing influence, and, at the same time, they propose the introduction of a new system: the system of public dialogue. Our country needs the implementation of these stipulations, and I hope we will finally see the day when their provisions become the law in our country.

More on Minister's Report to Senate

WS2904123894 Warsaw ZYCIE WARSZAWY in Polish 29 Apr 94 p 6

[Article by Igor Zalewski: "Miller Lectures on Strikes in Senate"]

[Text] *"Is the government in favor of salary controls? What is Waldemar Pawlak's position on the issue? How long is this chaos supposed to last?" Senators asked Labor Minister Leszek Miller these questions yesterday. "Real unanimity is found only in cemeteries," the minister said.*

Labor Minister Leszek Miller reported to the Senate on the situation in which the country has found itself as a result of the wave of strikes. According to the minister, the action by "Solidarity" may endanger economic stability. "Inflation is falling, unemployment has stopped rising, and economic indicators are optimistic." This is the way the minister portrayed the country's economic picture. "The protests by Solidarity are an obstacle to overcoming economic stagnation," he lamented.

According to Minister Miller, destroying social peace, which has been built with so much hard work, may also be a result of the strikes, while the social situation is being carefully watched by foreign partners, who regard the situation as a test of the state's credibility.

According to Miller, a majority of demands put forward by Solidarity can be discussed within the framework of a trilateral commission, which includes representatives of the government, employers, and trade unions (the government will strive to have the commission's powers defined statutorily). The minister thinks, for instance, that it is possible to abandon central salary-control measures in state-owned enterprises provided some conditions are met. First of all, a process of commercialization of these companies must take place. But the minister stressed that the government will not be able to approve of solutions that would exceed the inflation level provided for by this year's budget.

Miller also holds it against Solidarity for having withdrawn from negotiations concerning social guarantees for citizens. In his view, the reason it happened was that Solidarity fears losing the special position it enjoyed during talks with previous governments. "Negotiations are not as spectacular as strikes and demonstrations," Miller said, "but negotiations will at least result in changes being made to laws."

The minister announced that the government wants to establish its own rapport with trade unions based on principles of partnership and treating all trade union centers the same way.

The senators, however, were not happy with these explanations. "What is Prime Minister Waldemar Pawlak's position on the neopopiwek [salary-controlling legislation]?" they pressured Miller. "There should remain a control of salaries in some form until the end of the year," Miller presented the government's position. "After that, one can gradually abandon such controls, provided certain conditions are fulfilled that would prevent an uncontrolled increase in salaries."

"How long will this chaos last?" asked Senator Krzysztof Kozlowski of the Union of Freedom (formerly Democratic Union) in a dramatic tone. "Either one should be in favor of salary controls, or against them," he demanded unequivocal declarations. Miller responded by saying that the Democratic Left Alliance and the entire governing coalition has a right to have different views on an issue as fundamental as this one. "Real unanimity is found only in cemeteries," Miller said. "One can call this chaos, but one could also describe it as learning the difficult art of reaching a compromise."

"Why does the prime minister not take a stand of his own in a situation when the country is in danger?" attacked Zbigniew Religa, chairman of the Nonparty Bloc in Support of Reforms. Miller replied that Pawlak will make a speech in the Sejm on Friday [29 April], while the Government's Press Office has presented the prime minister's position before.

Solidarity Leader on Pawlak's Speech

LD2904140494 Warsaw PAP in Polish 1321 GMT 29 Apr 94

[Text] Katowice, 29 Apr—During a meeting of Solidarity's National Protest Action Staff in Jastrzebie, Katowice Province, on 29 April, Solidarity leader Marian Krzaklewski said that Prime Minister Waldemar Pawlak's report to the Sejm on the situation in the country was "vague and confrontational, and contained many untruths."

Krzaklewski Announces Strikes 4-7 May

LD2904221594 Warsaw Third Program Radio Network in Polish 2100 GMT 29 Apr 94

[Text] The national protest staff of Solidarity has decided to continue the protest action. Here is [Solidarity Chairman] Marian Krzaklewski .

[Begin Krzaklewski recording] The protest staff has taken the decision to intensify the protest actions of the union after 3 May.

All union structures will be expected to hold active strikes between 4 and 7 May. We call on all workers, including those belonging to other trade unions, to take an active part in the action of the Independent Self-Governing Trade Union [NSZZ] Solidarity.

The demands put forward by NSZZ Solidarity, which the government of the Polish Republic is stubbornly ignoring, are important demands made by workers and citizens.

I was counting on the Prime Minister to put forward some concept, in a decisive manner, but the Prime Minister chose the tactic of a confrontational speech.

Given that he was speaking in such a confrontational manner about our union and that his speech was in such very bad taste as far as we were concerned, perhaps this time we shall manage to do something with this government—[laughing] because I don't know any more how to interpret all this. [end recording]

Brown Coal Miners To Suspend Action

LD3004081394 Warsaw PAP in Polish 0700 GMT 30 Apr 94

[Text] Konin, 30 Apr—The strike in the brown coal mines will be suspended beginning with the second shift on 30 April. This decision was made on Saturday morning in an agreement concluded between the Brown-Coal Mines Solidarity's National Strike Committee and the government, represented by Marek Pol, minister of industry and trade.

The strike action will be halted after joint decisions are reached by the Trilateral Commission on the national demands put forward by the strike committee and after the government presents a timetable for implementing these demands.

More on Suspension Decision

WS0205083794 Warsaw ZYCIE WARSZAWY in Polish 2-3 May 94 p 5

[Article by Adam Soful: "Brown-Coal Mines Suspended Their Strike; Solidarity-Government; Marek Pol Signed an Agreement With Miners"

[Text] *Brown-coal miners have suspended their strikes after signing an agreement with the government. Coal supplies to power plants have been resumed. But Solidarity Chairman Marian Krzaklewski does not want to give up escalating the strike action beginning on 4 May. On Saturday [30 April] and Sunday, 18 hard-coal mines were on strike. Labor Minister Miller is surprised with the escalation of the protest.*

The "Solidarity" All-National Strike Committee of Brown-Coal Mines decided to suspend its strike action effective Saturday afternoon. The government committed itself to initiating an amendment to a law on retirement pensions for miners that would place brown-coal employees on an equal footing with those employed in the sulfur-mining industry. It was determined that the extra money that will go into the budget as a result of energy price rises will be distributed in agreement with trade union experts. Strike participants will not be punished, either.

In return, the miners obliged themselves to supply brown coal to power plants. "The level of supplies will depend on the magnitude of the power generation factor that the National Power Distribution Center will determine for a given day," said Czeslaw Maconko, a strike committee member. The trade unionists have announced that the strike action will be stopped after the government presents a schedule for meeting the trade union's demands. Solidarity Chairman Marian Krzaklewski stressed that, so far, the trade union has not received such a schedule from the government, and it is the same case with a proposal for negotiations.

"There is a need for strikes, but we also need an openness to compromise," Krzaklewski said during Saturday's rally at the Stalowa Wola steelworks, which has been on strike since 28 April. But the chairman of Solidarity also stressed that a compromise cannot amount to the trade union giving up on any of its demands.

During Saturday's press conference in Przemysl, Krzaklewski accused the government of ignoring Solidarity. In his view, the precise reason the trade union carried out 774 strikes this year is the government's arrogance toward Solidarity.

Labor Minister Leszek Miller said on Saturday that, in the context of Friday's talks with representatives of the trade union within a trilateral commission, he is surprised by Solidarity's decision to escalate the protest action. In Miller's view, by deciding to escalate the strike action, Krzaklewski either was not aware of the contents

of talks within the trilateral commission or he wants to pressure the government, which, in turn, makes talks impossible.

Over the weekend, strikes were in progress in 18 hard-coal mines and three zinc and lead mines. Mine employees stayed at home, with representatives of strike committees on duty at the mines. Municipal transportation did not work for two hours in the city of Rzeszow on Saturday morning.

Solidarity Suspension of Strikes Possible

LD3004100394 Warsaw Third Program Radio Network in Polish 0800 GMT 30 Apr 94

[Text] Solidarity leader Marian Krzaklewski has said that, if the government presents in the coming days a timetable for meeting the union's demands, Solidarity will suspend the strike action scheduled for 4, 5, and 6 May.

In his remarks for "Signals of the Day," Krzaklewski stressed, however, that the action would be suspended and not called off. It will eventually be called off when the government begins to implement agreements jointly reached with Solidarity.

The Solidarity leader again accused the government of causing the strikes by not meeting earlier promises as well as of intentional dragging out the negotiations with the strikers.

Miller on 'Incomprehensible' Strikes

LD3004085894 Warsaw Radio Warszawa Network in Polish 0800 GMT 30 Apr 94

[Text] Labor Minister Leszek Miller announced that even if Solidarity goes on strike as planned on 4 May, the government will be ready to continue negotiations on that day in the Trilateral Commission, composed of trade union, employer, and government representatives.

In a statement for the "Signals of the Day" program on Polish Radio First Program, Minister Miller recalled that, in accordance with yesterday's decisions by the Trilateral Commission, the talks on 4 May will concern the wage control law, the implementation of the State Enterprise Pact, and changes in tax regulations. These problems, Leszek Miller pointed out, recur in the trade union demands.

Minister Miller called yesterday's decision by the Solidarity's Protest Action Headquarters to hold strikes on 4, 5, and 6 May incomprehensible. He stressed that implementation of the trade union demands can only be achieved through negotiation. According to Miller, the possible Solidarity strikes announced for next week can only hamper the talks in the Trilateral Commission.

Pawlak on Talks With Unions

LD3004194494 Warsaw Radio Warszawa Network in Polish 1700 GMT 30 Apr 94

[Text] Prime Minister Waldemar Pawlak announced on a visit to Krakow that the present wave of strikes was an added argument for the government against abolishing the tax on the planned growth of wages.

[Begin Pawlak recording] If we are talking about abolishing wage controls, then, in a situation in which we have seen such a widespread strike action, those in favor of such a step being taken quickly and without any further safeguards are left without arguments.

We respect all trade unions in an equal manner. We do not intend to single out any of them, and we are keen to resolve problems.

Yesterday was a good day and a good example. These talks were undertaken with the participation of all important trade unions, which are cooperating within the framework of the tripartite commission. It has turned out that, when very varied milieux are represented in these direct talks, those that are very involved in traditional industries, those that are financed from the state budget, the teachers and the health service employees, then the exchange of opinions within the trade unions themselves makes it possible to understand the situation better and to find solutions.

It also turns out that the government is not the only party that should take all of the actions that are required. The tripartite commission, attended by Solidarity and other trade unions, accepted that, as a first step, on 4 May, three matters would be discussed: the law on wage control, initial income tax installments, and a timetable for introducing laws concerning the pact on enterprises.

The protests are not justified on such a large scale, nor is the dramatic involvement of the planning departments of our industry. All the same, however, they show very clearly how great the people's impatience is that these difficult matters be resolved. This is a sign for us. I believe that we need a sincere dialogue. [end recording]

This was an excerpt from a statement by the prime minister, who was in Krakow today and took part in a meeting of the management from the national fire service and voluntary fire brigades.

Prime Minister Makes Report to Parliament

LD2904190794 Warsaw Fourth Program Radio Network in Polish 0930 GMT 29 Apr 94

[Report to the Polish Sejm by Prime Minister Waldemar Pawlak—live]

[Text] Mr Speaker: May it please the House! As you know, thousands of enterprises, schools, universities, and private and state companies worked yesterday. Millions of Poles, to the best of their abilities and skills, were

building our common life. Really a lot of good things happened yesterday. However, yesterday will remain the day of strikes and conflicts. I do not want to assess reasons for this strike because I was brought up in different conditions and with a different system of values. That is why agreement, cooperation, goodwill, and working together are closer to me then conflict. In my opinion, competition is not about putting each other down and destroying an opponent. Even during a time of conflict, it is possible to be partners and not opponents.

Today's strikes are not only a political game. Behind the majority of strikes, even those of manipulation, there are difficult, often dramatic, situations of employees who participate in them, although they would rather not strike. There is a common opinion that strikes are organized in strategic industries because that is where their effects are the most visible and painful for the country. The fact is that employees in those industries are not paid badly today. But they think that the situation may change for the worse, they are afraid of restructuring and redundancies, and they are worried about the future. The government repeatedly stressed that our main concern was to secure jobs. If anyone was threatening redundancies, he was simply lying.

May it please the House! Let us ask now what caused the current strikes.

A complete presentation of the current situation of the state, of the reforms and plans for the coming years will be presented to the House after the first six months of 1994. Today, I would only remind you that results of the first quarter of this year could be described as very good. We have achieved the most dynamic growth in production in 20 years and the lowest inflation in the past seven years.

Last year, after the introduction of preferences for enterprises, which demonstrate income figures and reinvest this income, we have the situation where it is profitable for enterprises to pay taxes. As a result of this and other changes, budget revenue went up 15 percent in comparison with the first quarter of last year. In February of this year, in accordance with the government's proexport policy, we had a surplus in foreign trade for the first time in 20 months. In the first quarter of 1994, the foreign currency reserves have increased.

In connection with the government's debt-reduction policy and preferences for well-managed enterprises, a dramatic improvement in efficiency can be observed. We achieved those results by introducing and maintaining a certain financial regime. As you know, we did not immediately abolish the excess wage increase tax. We did not immediately implement other election promises. But we increased the lowest old age and disability pensions. We took care in securing budget revenue and, at the same time, creating opportunities for investments.

On the other hand, decisions regulating custom duties and discouraging smuggling and other economic crimes were important for the government's economic policy. I hope the House will share the government's opinion that careful modification of policies without excluding the past positive trends, so modification without shocks and leaps, also contributed to positive economic results in the first quarter of 1994.

May it please the House! If all trends from the first quarter proved to be permanent, it would mean that we are coming out of the recession faster then the developed West European countries. This would also mean that those people who up to now have not yet felt it in their homes will feel it in the second half of the year or next year. If one immediately adds that, over the past two months, among other things, in recognition of our economic achievements we have achieved a reduction of debts in the London Club and agreement to a second stage of reduction in the Paris Club, then probably no one will hold it against me for saying that a dozen or so days ago, we had the full right to be optimistic in looking at our future.

But good economic results do not come of themselves, nor are they given once and for all. They can quickly be eaten away and, worse still, squandered through, for example, economic disorder. We have been brought face to face with just such a danger. Strikes, particularly in the brown-coal power industry, are today increasing the costs of using imported energy. Tomorrow they may lead to the return of economic crisis, the collapse of weaker enterprises, the squandering of what we are already achieving at such cost.

Ladies and gentlemen deputies, may it please the House! Solidarity at the turn of 1980-81 bore our common dreams of democracy and a new system of government. Then came years of tough trials and many disappointments. There are also many things we cannot be satisfied with today, but times have changed and Solidarity is not the same as it was then. We have democratic institutions for resolving disputes and many legal forms of vindicating one's rights, or convincing other people of the legitimacy of one's own interests.

Why, in this situation, is the harshest form of protest being used? Why is the blow aimed not where people have the most difficult lives but where it causes the greatest disorganization? Why do the Solidarity leaders not want negotiations as partners with the government? Why do they not want talks along with the other trade unions, but organize... [pauses] confine themselves mainly to drawing up sole legitimate demands, attempting to humiliate the government, and showing contempt for the remaining trade unions?

For many months now, negotiation teams have been operating with the participation of the main trade unions, the employers, and the self-governments. A number of agreements have been signed—one can point, in particular, to housing construction and health care. The only trade union not taking part in this work is Solidarity, and maybe that is why there are such strong protests because the representatives of that trade union

are simply not aware how far advanced the agreements and the search for solutions are.

We do not want to present those solutions as the best and the only ones. We want to agree on them through consultations and, on this, we want to build our program for the next years, 1995-97.

In the past few days, various emissaries are said to have gone to workforces that want to work, with the order: Tomorrow you go on strike. How are they so sure of their rights to decide for others? Those people who censor and shorten government communiques are behaving similarly, as if no room could be found for half a page, a page, or even two pages of text presenting the government's position, among so many pages undermining the government's position.

You can read the details in one of today's newspapers who really would be hurt by that. It is a pity that the reality our government faces means that my statement today in the House will most probably not be published in full anywhere.

In a television program a few days ago, one of the young strike organizers said that a change of the Sejm law was not a problem; it was just the matter of coming into agreement here. That was the case in Poland when the democratically elected Sejm and senate did not exist and when a lot had to be changed, although, even then, not everything had to be destroyed.

Today we are wiser because of our experience, and we should protect democracy even before ourselves. We should defend Sejm powers that are undermined by those representatives of strike committees who think agreement between their committee and the government is enough to decide matters that are within the authority of the parliament.

Ladies and gentlemen! Saying this as one of you I cannot help being under the impression that we are responsible. May it please the House! There are situations when it is difficult to find a good solution. One of them is the way wage increases should be controlled. We are looking for such a control system that does not hinder the dynamics of economic growth and improvement of the society's welfare and one that does not threaten a return of inflation and a wasted opportunity for coordinated development.

We know the dispute surrounding these matters as the dispute about the "popiwek" and the "neopopiwek" [wage control] laws. The government's position on this matter is as follows: The government intended and still intends to abandon administrative forms of wage control in the state sector by the end of 1994, at the latest. During this period, we intended to bring in different, more flexible forms of wage control, of increasing the independence of enterprises in managing their own wage funds. After President Walesa questioned the wage control act, after my meeting with the leaders of 16 trade unions, and after serious discussion, at a meeting of the Council of Ministers we drew up the conditions under which the risk of managing [wage funds] already in 1994 without such a law could be taken. Here they are; the sequence is also a result of today's circumstances:

First, it is a question of joint responsibility, including the trade unions, and a halt in particular to strike pressure for wage increases.

Second, transferring wage negotiations to the work of the tripartite commission, invested with very firm powers by the Sejm law safeguarding the representative character of the trade unions and the agreement... [pauses] the implementation of these decisions through workplace collective agreements.

Third, the commercialization of enterprises, and therefore a move to the formula of enterprises adapted to a market economy, on the basis of the commercial code.

And even if there were strong arguments for taking the courageous risk of abandoning the "popiwek," today those arguments are overwhelmed by the situation we are dealing with because the fundamental fear that a lack of statutory wage control does not safeguard us from a spontaneous increase in wages becomes a particularly strong argument in these circumstances.

There are various versions of the wage control law. There were, after all, very tough solutions, which led to a stratification of incomes because small enterprises could not afford to pay the "popiwek." There were those, too, that, despite the very difficult economic situation, simply did not pay the wage tax and increased wages.

Today, we have to deal with the fruits of this law. And now, when the Sejm has introduced solutions wherein the law on the control of wages relates solely to those enterprises in which the state has 80 percent of the capital, more than 80 percent, the law does not relate to the cooperative movement, does not relate to enterprises in which the average wage is less than 75 percent of the national average. Very little is said of this. And today, those who so consistently struggle against this "popiwek" forget where they were during the time when the previous law was in force, and where they will be when the lack of this control brings about a still greater stratification of incomes. What will they use to explain themselves to all those who have maintained discipline, in many enterprises, so that enterprises could develop, that they again remain behind because the structure of the market quite simply does not allow them to so quickly increase incomes as in those that have a structurally good position on the market. In this situation, we acknowledge that a quick forsaking of the law on wages control is associated with a real return of, a real risk of a return of, inflation. A return to excessive imports and the possibility of the manifestation of other consequences that may disturb the rate of growth that has been attained this year. An unprepared forsaking of wage controls also threatens that which the trade union leaders are aware of, an increase in unemployment and a fall in

real incomes. Will trade unionists today declare responsibility for what will happen later, or will it again be the case that the entire responsibility will fall solely and exclusively on the government? That, too, is why we accepted without opposition the initiative of a group of Polish Peasant Party deputies bringing under consideration of the Sejm the law on the control of wages. The Sejm speaker decided that it should be considered under an accelerated procedure. The government treats this law as a last resort that must be used if needed for defense against the threat of inflation. It is not appropriate to use it at a time when this threat does not exist. Nonetheless, in light of the recent strikes, the government does not intend to seek the suspension of the process of introduction of this law. As I have already said, for the period until the end of 1994—and I expect the acceptance of parliament and the president. In the system of democracy we are constructing, the government is responsible for the economic development of the country.

May it please the House! One of the postulates is the demand for the immediate introduction of the enterprise pact. This is a demand addressed to the Sejm, which of course does not immediately introduce anything.

Let me recall that it was as early as 4 November 1993 that the government submitted the first five laws on the enterprise pact. The two most important ones for employees generally have already been passed. On 29 December, the law on the protection of employees' claims in case of employer's insolvency was adopted. On 4 March, the law on the enterprise welfare fund was passed. Two other laws were considered by a Sejm extraordinary commission. They are: the law on the financial economy of a state enterprise and on the division of profit in certain state treasury companies. As regards the fifth submitted law, amendments to the labor code, the commission did not do any work on it after the first reading.

The final law that belongs to the [enterprise] pact is the law on privatization. This bill is to be considered by the government in May of this year. In it, among other things, we envisage the transfer of the ownership transformation initiative to the enterprise bodies and administrative control over decisions made in this respect. We have also been considering the possibility of increasing the number of shares given free of charge to employees, farmers, and fishermen. Does the protest also concern these changes? Let us ask the employees directly.

This bill will be submitted to the Sejm in May. Who, then, needs to be prompted out loud in the case of the enterprise pact, which is directed at the government? Probably only those who do not remember or do not wish to remember that, at the same time, the government proposed and the parliament passed the law on the indexation of old age and disability pensions, which raised the lowest benefits; the law on the determination of remuneration in the public sector; a number of financial laws that guaranteed income for the state budget as well as concessions to the investors. Generally, the coalition government submitted 68 and the Sejm passed 26 new laws. Each of these laws addresses certain needs; each of them is also a subject of social scrutiny.

We are building the program for the years 1994-97 together with the trade unions, employers, local governments. We are also inviting solidarity to start our joint construction program.

People have the right to demand that restrictions be abolished, but these very same people do not want to live on a volcano. They expect the government to provide peace and security and that tomorrow will be better than today. Our government is in a position to implement such a program. Consistency and prudence in the transformations are some of the conditions.

Mr. Speaker, may it please the House! In a few days, we will have another 3 May anniversary, the anniversary of the great opportunity and the great tragedy.

There is a great opportunity before Poland. I believe that we will not destroy it through unnecessary resistance and a lack of ability to compromise. I believe that common sense will prevail. I am convinced that the place of strikes and the philosophy of who does what to whom will be taken by talks, including talks at the tripartite commission, which are being continued at this moment by the trade unions and representatives of employers with the government. This is a commission we wish to put on a statutory basis, a commission that will function according to the principle of respect for partners and the principle of representativeness. Let us reject mutual reservations, and let us consider together what to do so as to strengthen our achievements hitherto and resolve those problems that still await resolution.

Ladies and gentlemen, before us we have a few days off—not, fortunately, on account of the strikes. Before us we have anniversaries that are important for our country. Although I began my speech today with fear that yesterday was a day of conflicts, I hope that this will also be the start of their effective resolution. [applause]

Pawlak on Economy, Coalition, Walesa Rapport

WS2904123094 Poznan WPROST in Polish 1 May 94 pp 13-14

[Interview with Prime Minister Waldemar Pawlak by Dobrochna Kedzierska, Marek Krol, and Boguslaw Mazur under the "WPROST Conversations" rubric; place and date not given: "Teamwork"]

[Text] [WPROST] There is a strong coalition behind your Cabinet, Mr. Prime Minister, but the social perception is that there continues to be no stabilization. What is the reason for that?

[Pawlak] First of all, the reason is the kind of approach to the issue that you are demonstrating here. Almost any situation can be interpreted in a way that would confirm

someone's preconceived notion. I think that, if one takes a look at the facts, one can see that there are no signs of the instability you mentioned. Sure, we have plenty of interesting situations and difficult dilemmas, but I do not think there is any big danger to the functioning of the state. Economic indicators confirm unequivocally that the economy is developing very smoothly. Take, for instance, the figures regarding price increases for the first quarter, which are the best in seven years, and we have also reported a major increase in output. We should conduct politics in a determined manner, and often times in a way that would be attractive and interesting to voters and journalists, provided economic stability is not interfered with.

[WPROST] Given that the situation in parliament is optimal, why is that not reflected in a clarity of political arrangements?

[Pawlak] Every country has its own interesting events that make it possible for journalists to discuss interesting topics and to predict various scenarios of how the situation may develop. But, if you take a look at specific problems, then, in my view, society does not feel any special kind of anxiety over the fact that some terribly unstable situation has just emerged, even though, indeed, there are a lot of issues stirring up emotions, such as the issue of appointing a deputy prime minister for economic affairs, or what has been happening on the stock market, even though, in the latter case, it does not affect a large part of society. In the case of the stock market, it turned out in practice that the "bag" out of which enterprises wanted to gain capital for their ventures is empty, and that all that happens at the stock market is that money is shuffled from one place to another: Some sell and others buy, but the actual amount of capital is seriously limited.

[WPROST] You said the people have no reason to feel anxious. How do you manage without a finance minister and a deputy prime minister for economic affairs?

[Pawlak] As I have said many times before, coalition rules are about teamwork, and the condition of the team as a whole counts. For the moment, we are lacking a "forward left" on the "field," but that does not change the fact that our team has scored some very good results. Among the practical successes, the following can be listed, which will remain so in the future: the restructuring of our debts incurred with the London Club, and a second stage of debt reduction with the Paris Club. These are not spectacular events, but they remain important to the economy and investors alike. I am talking about that here because what smacks of sensation from a journalist's viewpoint does not necessarily have to be reflected in the functioning of the economy right away.

[WPROST] But sometimes such sensationalist issues are reflected in social life, such as through threatened strikes or disputes surrounding the so-called neopopiwek [salary-controlling] law. Your position on the latter issue is not clear to the public at large. So, does Poland need salary-control mechanisms?

[Pawlak] What we need are mechanisms that would protect economic and social stability. A trilateral commission has been established that includes representatives of employers, trade unions, and the government. This creates a chance to define general parameters concerning salary increases in the economy. Following the acceptance of the president's veto, one should think about whether it pays to go back to the "shaky grounds" of a mechanism that has largely ceased to function anymore, or whether one should implement changes regarding the merits. After all, one could travel down a path that would require responsibility by the trade unions, the managing cadre, and the government. If it were not for salary-increase pressures, a possibility would occur for establishing general principles of shaping salary policies by the trilateral commission, followed by making them more specific through collective agreements. Commercialization of the economy is also an important issue, as well as moving away from a valorization of benefits vis-a-vis salary increases to a valorization vis-a-vis price increases.

[WPROST] The problem of whether we are, first of all, supposed to invest or consume, has not been resolved in Poland yet.

[Pawlak] We have been introducing mechanisms that are conducive to making investments. Income tax and dividends are supposed to play that function in enterprises. If some of that revenue is devoted to investments, another part may be devoted to salaries, and these regulations should be defined nationwide; there are enterprises with a structural position on the market that allows them to separate themselves from situations at the remaining enterprises. We cannot have a situation where an expert for maintenance of electronic equipment earns 20 million zlotys [Z] a month because he just happened to come across a company with a very good market position, whereas an employee working in a company manufacturing some extremely complicated computers, but with a low popiwek basis at the beginning would earn just Z3 million a month.

[WPROST] You mentioned the responsibility of trade unions, among others. Do you know for a fact that they will actually be responsible, or do you just have faith in their reasonable attitude?

[Pawlak] Fortunately, it is a trait that can be verified in practice. After a debate in the Council of Ministers, during which an overwhelming majority of ministers spoke in favor of introducing salary-controlling mechanisms, I spoke with the chairmen of more than 10 trade unions. I asked them whether, in a situation of lack of a statute, the trade unions are capable of resisting temptations to raise salaries under control. And I must say that the responses were positive in large majority. I think

trade unions are interested in not destabilizing the situation in the process of abandoning salary controls. On the other hand, there have been attempts—for instance, in the Polish State Railroads—to use the current situation to satisfy pressures for salary increases. Such cases substantially weaken my arguments, and they may make it necessary to adopt a law that would control salaries. The government has spoken out in favor of the Sejm being able to "suspend" such a law, on a motion by the Council of Ministers. This would create an opportunity for trade unions, employers, and the government to act in concert. Various things may prove necessary in practice.

[WPROST] Aside from conflicts with trade unions, there have been conflicts among the different power centers. The president has expressed criticism regarding your decision to conduct self-governmental elections by saying that you should not have done it before he vetoes the new electoral law. One may have a feeling that there is no one main decisionmaking center in Poland.

[Pawlak] It is much easier to find solutions if we concentrate on practical problems and not on "positions." The case of the self-governmental elections shows that there is a time when one can debate various solutions, but then the time schedule forces us to make a decision. Postponing those decisions makes us enter a period where conducting elections becomes somewhat risky because elections make sense in June—that is, before vacation season. From that standpoint, it is important to search for practical solutions to problems instead of insisting on one's "position."

[WPROST] The previous government was impotent because it did not have a majority in the Sejm, whereas your government's activities seem to be blocked by the Belweder.

[Pawlak] Statistics defy such suppositions: A majority of laws were, in fact, signed by the president. But there are also cases of some interesting situations, such as the salary-control law. But I still think the president's veto forced everybody to think carefully about the new solutions. So it follows that, when one approaches problems practically, there is no situation where there would be no positive solution whatsoever. If one could carry out everything very easily, life would be very boring indeed.

[WPROST] But can you see any solution with regard to the government-Belweder relationship?

[Pawlak] So many problems arose that one just had to get rid of them—and that was what the meeting between the president and the Democratic Left Alliance Parliamentary Club was all about.

[WPROST] You are talking about teamwork and about successes, but the opposition accuses you of not having a strategic concept of leading the country, citing the dispute surrounding the neopopiwek as an example.

[Pawlak] In that particular case, the opposition fell into its own trap because it could have acted a little more responsibly during the vote, and it could not have provided such a categorical reply. After all, our offer was quite open. But, when it comes to this government's strategy, it is not one of imposing decisions on others but one of showing the direction. I have spoken out many times regarding the main priorities. I will repeat this once again: If we talk about heading in the direction of democracy and a social market economy, we are doing this to guarantee Poland a high-ranking place in the family of free nations. We are eager to see cultural, intellectual, and economic development of society and the state. Experience of recent years demonstrates that a few principles should be observed. First of all, changes must take place in an evolutionary manner and without sudden, radical moves. Second, it is necessary to widen support for the reforms by establishing mechanisms for active participation by large segments of society in the processes of change. The third principle is about a need to make our actions, structures, and procedures rational. Finally, what is also important is the development of human capital, broadly speaking. We must create practical possibilities of investing in technologies elaborated by our scientists, and a system of investment breaks could serve that goal. One must also secure economic and social stability. That makes up the general plan that must be the basis for detailed actions. We can really gain a strong position and be an important country in this part of the world. Some big challenges are ahead of us, but they are not insurmountable for a country located in the center of Europe, with big intellectual potential and inhabited by people with imagination.

Foreign Cooperation Minister Interviewed

WS2904131594 Warsaw NOWA EUROPA in Polish 29 Apr-3 May 94 p 5

[Interview with Foreign Economic Cooperation Minister Leslaw Podkanski, by Urszula Kujawska; place and date not given: "Forum of Cooperation"]

[Excerpts] *From 5 to 7 May, the Third East-West Conference will be held in Warsaw; it will be a meeting of the ministers of foreign economic cooperation, trade, and industry of the seven richest states and 10 countries implementing reforms (so-called G-7 and E-10). It is customary that such a conference is held in the country that at the moment chairs the G-7; however, this time the conference will be held in Poland. It will be the first conference of the economic ministers of the "seven" and states implementing reforms in a postsocialist country.* [passage omitted]

[Kujawska] Last year's balance of foreign trade ended up in a deficit. What is your evaluation of this phenomenon?

[Podkanski] I believe that, at this point, we should separate two issues: foreign trade and the evaluation of its results, and the broadly understood transformations

and social costs related to them. As far as Poland is concerned, 1993 was very unfavorable to the balance of foreign trade, which amounted to $2.3 billion. There were many reasons for this, both internal and external. The latter are related to the recession in the world.

Right now, our economy needs capital and supply investments.

There is also the problem of fiscal instruments that would regulate the economy in 1993. Until August 1993, the exchange-rate policy favored imports rather than exports because the rate of devaluation of the zloty was clearly slower than the devaluation rate of the U.S. dollar or the German mark, and even than the scale of inflation in Poland. Apart from all this, there were various external issues, linked to the difficult situation of most medium-sized and small companies and difficult access to commercial and operating credits. Adding to these problems was the issue of the so-called infrastructure of exports—guarantees, guarantees of insurances, promotion. I believe it is necessary to create a uniform, coherent, and clear system of promotion, which we strive to establish.

These are also experiences we want to share with our partners of G-7 and E-10.

[Kujawska] What are the relations between Poland and its southern neighbors, who are participants in this conference?

[Podkanski] I would like to stress strongly that, even though the signature of the agreement on free trade within the Visegrad Group last year did not yield any spectacular results in the form of an increase in the trade volume, we can still state with satisfaction that this agreement curbed the rate of decrease in cooperation, including a commercial exchange, which has been observed since 1991. This goes for both the exchange of commodities and the disappearance of so-called investment and cooperation links, which was a natural reaction at the moment of passing to free-market settlements. I believe that today all of the states will agree to pass to the free-market system, and that the rules of the game of the free market should go hand in hand with the ability to take advantage of the technical, technological, and production potentials that are possessed. They should also go hand in hand with the presentation of a commodity offer that would take into account the balance of the possibilities and needs of the markets of our neighbors. The commodity exchange with our neighbors is favorable—for example, because of lower transportation costs. This supports the argument that we should first seek contact with our neighbors, and only then across the ocean.

There is no doubt, however, that there are areas and industry branches that may find partners across the ocean as well—in South America, in Brazil, for instance. Recently, in talks with a delegation of this state, we found many very interesting undertakings that may be very important to both states in the future; one of them is the proposal made by Brazilian investors concerning Polish transshipment ports—for example, for Brazilian iron ore, which might be shipped from Polish ports to the Visegrad Group states. Thus, in this way, we are trying to facilitate the implementation of goals that G-7 and E-10 are also trying to achieve.

[Kujawska] The conference is to serve all its participants who, in practice, are partners with each other. What would you, as the Polish foreign economic cooperation minister, like to achieve during this meeting?

[Podkanski] I would like to achieve three goals. The first one concerns full and genuine knowledge about the desires and capabilities of our foreign partners as far as investing in Poland is concerned. On the other hand, we would like to present Poland, taking into account its geographic location, as a state in which it is advisable and in which it pays to invest money. I would also like our potential investors to see their chance to participate in ownership transformations that are going on in our country. Also, I would like them to see their chance in linking their interests to Polish investors—for example, in the privatization process. I also believe that the conference in Warsaw will help the other E-10 states attain the same goals.

I also want to make our partners realize that the aim of Polish privatization is changing not the owner but the economic situation, reconstruction, and the modernization of Polish industry. This is important because of the fact that the road to membership in the European Union will be long and winding. However, these are all inevitable processes.

A separate issue is a thorough and solid evaluation of trade development prospects in Europe and the world, as well as Poland's participation in the international division of labor and in the trade turnover of the E-10 states; the evaluation should also take into account the rules of the game laid out in the Final Act of the Uruguay Round and the recently established World Trade Organization. It is a matter of shaping new principles and new rules, as well as a new system of world trade. Such a meeting right now supplies the answer to any doubts and questions concerning Poland's activeness in this process and our joining the international structures. I would like to be certain after this meeting that there is a joint desire, a desire to cooperate, as well as to know where the common interests are concentrated; I would also like to know what the possibilities of providing systematic solutions to the various problems are, through appropriate legal, organizational, and financial solutions. There is no doubt that there are great differences in the scale of development that has been accomplished in individual states.

[Kujawska] The Warsaw conference is the third one. At each of them, certain decisions were made. Have they been implemented, and how have the interested states benefited from them?

[Podkanski] It will be the third meeting. However, it cannot be compared to any of the other meetings because each of them was very special; each of them had different values and contents, and, mainly, the range of problems was different. The present conference is the richest as far as its form and contents are concerned.

At the request of the Polish party, a meeting of the presidents of foreign investment agencies of the E-10 states was organized; it was held during the deputy ministerial session in March of this year.

There will also be an East-West business forum and a traditional "roundtable" for the ministers and business representatives of each state. The earlier meetings were some kind of inspiration and a proposal; the list of members and participants is still being extended. At the Tokyo meeting, it was decided that small and medium-size business in the E-10 states must be supported. After the meeting, the Japanese Government allocated some money for the model restructurization of one of the Polish state-run enterprises of the machine-building industry. This is supposed to help work out a model of proceedings that can be used in other countries. As I see it, this is most valuable because it serves to shape the awareness of those who are in power. Also, a model of cooperation between countries as well as principles of providing aid should be worked out. The Japanese Government is already prepared to consider the possibility of granting interesting credits to Poland—this is the information I received when Sejm Speaker Jozef Oleksy returned from Japan. This would be, then, a result of the previous visit. [passage omitted]

Ministerial Conflicts Over Privatization

94EP0057B Warsaw ZYCIE GOSPODARCZE in Polish No. 15 10 Apr 94 p 15

[Article by Zbigniew Grzegorzewski: "How Much Haggling, How Much Market?"]

[Text] The debate over the form of the new privatization law exploded rather suddenly during a recent meeting of the Economic Committee of the Council of Ministers. It was unexpected because three ministers knew the draft proposal earlier and did not offer corrections to it. The ministers of industry, of agriculture, and of foreign economic cooperation emerged as opponents of the draft.

The fact that this is not the first time the Alliance of the Democratic Left has failed to get support from the Polish Peasant Party (PSL) only adds color to the situation. But this is only one aspect of the affair, not its most important part. Three ministries would like to take control of privatization away from the Ministry of Property Transformations (MPW) or, at the very least, limit the privatization ministry to a minimum. Their proposal is that ministers who act as charterers of units would make decisions about property transformation in those units on their own.

The minister of industry would thus become the most important figure in Polish privatization because the Ministry of Industry and Commerce is the largest owner of state firms. It fulfills the function of charterer for 764 public-sector firms, ahead of the Ministry of Transport and Naval Economy (553 firms), the Voivode of Katowice (230 firms), and the Voivode of Lodz (189 firms). The position of the Ministry of Foreign Economic Cooperation would seem to be minor because it controls only 18 firms; however, these are the great foreign trade bureaus! The Ministry of Agriculture and Food Industry has only 47 firms left because 1,595 have been handed over to the State Treasury's Agency for Farm Property. Nearly all of the former State Farms are still held by the state, and these, of course, make up an important part of the PSL's unhappy electorate.

The owner would thus privatize his own property. There is thus a question: If three ministers are to take advantage of this possibility, why not all? Would the minister of internal affairs, for example, be a good privatizer? That ministry is the charterer of one state firm, after all. One could equally well imagine the chief of the Physical Culture Office spreading privatization culture in his 22 state firms.

Have we thus returned to a Poland divided by industrial sector? This is certainly one of the dangers but not the only one. The stakes are more than 5,000 state firms. Voivodes are the charterers of 3,400 of these; central organs control the other 1,800. There is general agreement to the fact that control of strategic areas of national interest should remain in the hands of the ministries. Examples are the energy industry, the arms industry, rails, and telecommunications. Many other firms could be handed over to voivodes—how many is a question about the scope of the decentralization of power.

Authority over sole corporations of the state treasury (jssp) might remain attractive. The privatization ministry has transformed 522 state firms into such corporations, while the Ministry of Industry has transformed 118 firms into 58 jssp's. The MPW has privatized 100 corporations. These have not always been attractive finds. However, the MPW's power is also a result of its authority over the composition of supervisory boards. This has been much less satisfactory for the Ministry of Industry and Commerce; for example, seven jssp's were created out of 65 coal mines. The industry ministry thus carries the weight of restructuring in a very conflict-ridden sphere in our economy. The privatization ministry has not aspired to the role of privatizer of mining, which requires a costly and thorough restructuring. It is not therefore surprising that the organization of that process has been left to the Ministry of Industry and Commerce. Elimination also of authority over the composition of supervisory boards would in this conflict be illogical. If this were to be so, we could have some kind of repetition of the Borowski-Kawalec case—as we know, Deputy Prime Minister Kawalec had authority over the composition of supervisory boards in banks.

One must also not ignore the act that the reservations about the privatization law draft were made at a time when there is no deputy prime minister for economic affairs.

All of this does not mean, however, that one should defend the present scope of MPW authority. A decrease of that scope should occur through the aforementioned decentralization of ownership powers—the devolution of such powers on voivodes, including through the so-called communitization of state property.

Should there be a Ministry of the Economy? I do not want to repeat the arguments from a discussion that recently appeared in ZYCIE GOSPODARCZE. The state domain is still so wide that such a resolution would seem to be premature, although it could lessen the interministry games.

Some time ago, the discussion over state treasury trusteeships began. It was begun by the privatization ministry, even though such institutions would mean a lessening of its domain. The point is to bring to light certain scandals connected with the partial property rights in privatized corporations and with the property left over in the state domain after liquidations of public-sector firms.

However, one should not confuse the idea behind the creation of a super state treasury. A new, huge state administrative organ would have to be created because it would have to control some 5,000 state firms. If such an institution is to be created, it will exercise ownership authority over a significantly diminished group of firms. The shrinkage of this group depends upon the pace of privatization. At the moment, the best solution would be to create such trusteeships.

It would be quicker to reach agreements that would divide the flow of resources from the flow of revenue, and thus the empire from its domains. The income from privatization does not create a restructuring stream but, instead, serves constantly to patch up the budget because the hole in the budget is a drag on privatization. Such a divide of revenue could be accomplished within trusteeships.

Meanwhile, we are witnessing a discussion not about the "map of privatization" but about its division into spheres of influence. This is not a debate over state treasury trusteeships but over the right to exercise ownership supervision in jssp's and in partially-privatized corporations.

The right to influence over privatization can thus be divided in different ways—not only by industries or ministries.

Every fight over privatization is thus a struggle for influence. Privatization itself is a game of interests that are often by nature at odds with one another. The problem is the quality of that game. The quality of society's understanding of privatization depends on the quality of the battles waged over it.

Report on Foreign Investments Summarized

94EP0056B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 12 Apr 94 p 9

[Article by D.W., based on a report of the Institute for the Study of Foreign Trade Business Cycles and Prices entitled "Foreign Investments in Poland," published in Warsaw in 1994: ""Good but Not Excellent: How Foreign Investors Grade Poland"]

[Text] The Institute for the Study of Foreign Trade Business Cycles and Prices (IKC) has published its fourth regular report on foreign investment in Poland. The report discusses in detail the legal and economic conditions of investing in Poland. It was authored by Ewa Sadowska Cieslak, Jozef Biskup, and Wojciech Burzynski.

On the basis of studies by the report's authors, it can be concluded that the biggest incentives for investing in Poland are, in this order: prospects for our economic growth (about 53.5 percent of the respondents); the size of the Polish market (47.5 percent of the respondents); manpower costs (44.7 percent of the respondents); the availability of manpower (33.9 percent); the possibility of reducing production costs (31.6 percent); price level (27.9 percent); advantageous conditions for investing (27.5 percent); and the possibility of repatriating profits (27 percent).

A Potentially Attractive Country

Thus, in the opinion of the report's authors, Poland appears to be a potentially attractive country. Another advantage is that Poland can become a big importer of manufacturing capital in view of its capacious market, so-called deferred (and unsatisfied) demand, and the enlargement of that market, owing to the free-trade zone shared with the other Visegrad countries [Czech Republic, Slovakia, Hungary]. As a result of the still low efficiency of most Polish enterprises, considerable profits can be derived from selling in this country products whose manufacture in highly industrialized countries by now yields only below-average profits.

Foreign investors considering the possibility of capital investment in our country attach considerable importance to the very fact that a market economy is being built here. This factor was ranked first by 86 percent of U.S. investors, 82 percent of Swedish and Dutch investors, and 80 percent of French investors. The second-ranking attraction was identified as privatization (67 percent of British and U.S. investors, 63 percent of Swedish investors, and 76 percent of French investors). In its turn, to 46.7 percent of French investors, 45 percent of U.S. ones, 39 percent of Dutch, and 38 percent of German, a major factor in their decision-making was the possibility of purchasing land and real estate.

A Good Policy

Contrary to traditional belief, about one-half of the investors viewed positively the policy of the Polish Government regarding foreign investments. Most respondents were of the opinion that the political situation in Poland did not affect their activities.

Nearly three-fourths of major investors planned to expand their operations in this country, but nearly as many hold a very low opinion of the taxes binding in our country (83 percent of Italian investors, 88 percent of Swiss, 67 percent of German). And they are not satisfied with the operating procedures of commercial risk insurance, either. They also hold an unfavorable opinion about the credit insurance system.

Hungary Is Better

The foreign investors answering the questionnaires shared the opinion that Poland is among the countries with the most favorable conditions for investment by foreign capital. Nevertheless, they ranked Hungary first in that respect. This is also proved by the amount of capital invested in that country. By the end of 1993, more than $5 billion had been invested in Hungary compared with only half that amount in Poland, although declarations for further investment plans suggest an amount three times larger.

As known, the Americans are the biggest investors in Poland (on average, they invested $23 million in each of the companies they decided to buy shares in), followed by Italy, with third place held by four transnational corporations (including ABB, Hewlett Packard, and the issuer [as published] of Cambridge Holding) and three international financial institutions. The Japanese were a big disappointment, but they were not interested in investing in our country until the completion of our negotiations with the Club of London. Capital investment was too expensive for them in a situation in which, for every dollar invested, a matching dollar had to be deposited in a bank. The IKC report mentions, however, several companies, including Toyota, Nisho Iwai, and Itochu, which committed themselves to selling in our country Mazdas, Toyotas, and Hondas, as well as several other companies, including Mitsui. However, altogether Japanese companies account for n 0.3-percent share in investments in Poland.

In a situation in which Poland is experiencing a major foreign trade deficit, it is important that investors also manufacture for export. Thus, while in 1989 the value of exports deriving from their enterprises amounted to $179.9 million, in 1990 it rose to $516 million, in 1991 to $631 million, and in 1992 to $1.3 billion. Exports per company with participation of foreign capital averaged $230,000 in 1992. Even so, as many as 75 companies are geared to sell their products on the domestic market, and the value of their exports did not exceed $37 million altogether. Furniture and wood products are the best exports, followed by garments, with products of the pulp and paper industry ranking third and those of the electronics industry fourth.

According to the data gathered by the report's authors, companies with the participation of foreign capital offer higher wages, and, in general, their existence has improved the situation on the job market. Such companies also are characterized by higher labor productivity. It also often happens that, while employment increases in the foreign branches of these companies, including their branches in Poland, it decreases in their mother countries. At any rate, in 12 countries of Central and East Europe a year ago (latest available data), 65,000 companies operated with the participation of foreign capital.

Digital Telecommunications System Developed

94P20677A

[Editorial Report] Modernizing Poland's outdated telephone network, the DGT digital telecommunications firm has developed a telecommunications system that should be able to compete with foreign-built equivalents. A page 1 article in the 29 March-5 April Warsaw weekly GAZETA PRZEMYSLOWA T HANDLOWA, "a paper for entrepreneurs and employers," described the production of the DGT3450 system by the firm, which was cofounded by a group of graduate students from the Gdansk Institute of Technology (Politechnika Gdanska). According to the article, the firm is competing on the market with "such giants as Siemens, Alcatel, Ericsson, and AT&T," a competition that Waldemar Frenkel, Warsaw representative of DGT, compares with "domestic car production competing with Mercedes or Volvo."

The need for digital systems in telecommunications coincided with a similar need to modernize the public telephone network, and it became clear that this modernization can be achieved by putting modern electronic exchanges into service. According to the article, disclosure by the state of its needs in this regard produced great interest among the above-mentioned Western firms. Competing with these firms, DGT also constructed, after several years of research, its own telecommunications system, called DGT3450, which is now ready for series production. The DGT3450 system resembles a simple metal cabinet filled with complete and highly integrated systems, computer processors, and a microcomputer equipped with at least 640 kilobytes of random access memory, a hard disk (with at least 40 megabytes), and a remote control system.

For professionals employed in this field, "construction of the telephone exchange in the size and shape of a narrow cabinet was some kind of a revelation." Also proving to be a revelation, according to the article, was the high technical and quality level this design offers. One of its features is a modern switching system that uses integrated circuits, demonstrating the ability to work together with the outdated (10-, 20-, 30-, and 50-year-old) equipment of the Polish telephone network.

The new DGT exchange that would replace an old analog exchange could seamlessly operate with any foreign electronic or electromechanical exchange. Another important feature of the DGT3450 is its modular design and open architecture that allow practically endless expansion. DGT has flexibility with regard to the number and type of customer circuits and interexchanges. Last, the system meets the needs of customers and, by employing energy-efficient technology, is close to 50-percent cheaper than those produced by foreign companies. The designers emphasize the versatility of this "DGT3450 system, which could be seriously considered for providing telephone services in the countryside as well as serving middle-sized and large enterprises." In fact, DGT exchanges are already installed in many hospitals, schools, and central and government offices. Because of its economic and reliable nature, the system has also been introduced in some mining operations, power plants, police stations, the railway system, and the Army.

Second Bidding for Oil, Gas Reserves Set

94EP0056A Warsaw GAZETA PRZEMYSLOWA I HANDLOWA in Polish No. 13, 29 Mar-5 Apr 94 p 3

[Article by Jacek Swidzinski: "Second Round of Concessions: Oil and Gas Prospecting"]

[Text] On 12 April 1994 expires the deadline for the submission of bids during the second round of bidding for licenses to prospect for and explore deposits of crude petroleum and natural gas in the Lublin region and the Polish part of the Carpathians. The bidding, organized by the Ministry for Environmental Protection, Natural Resources, and Forestry, is restricted to foreign bidders.

Consider that the first round of the bidding resulted in granting licenses for oil and gas prospecting in Poland to the following companies: Amoco, to prospect for and explore oil and gas deposits in central and southeastern Poland and methane in black-coal seams in Upper Silesia; and British Gas, to prospect for and explore oil and gas deposits in central Poland. A similar license for another segment of central Poland was granted to the Exxon-Shell Consortium. The above-named companies also intend to participate in the second round of bidding, and such renowned companies as Mobil, Texaco, and Pan Canadian are also expected to participate.

Prospecting in the zones allocated as a result of the first bidding could commence as early as this spring, except that the absence of suitable agreements with the Polish Ministry of Finance is an impediment. That is because the prospecting companies try, as is the custom worldwide in such situations, to debit investment start-up expenditures to operating expenses. Under the regulations in force, they are tax-exempt during the first three years of their operation, but the start-up period (which may involve expenditures roughly totaling $150 million) may last as long as six years. Accordingly, the prospecting companies desire tax deferment for seven to 10 years in a row, and the capitalization of their expenditures after the start-up period. In addition, they desire exemption from the VAT [value-added tax].

Such terms appear to be highly preferential, slanted in favor of oil and gas prospectors (or rather prospectors for gas and eventually oil), especially considering how well-heeled they are. But several other factors have to be considered here. First, it is not that Exxon-Shell, Amoco, or Texaco needs Poland. On the contrary, by letting these companies in, we could save $150 million that would otherwise have to be paid from our budget. Second, these companies are too mighty to place them in the role of a petitioner for something that is normally granted worldwide to oil and gas prospectors. For them to include Poland is no big deal, whereas to us this is highly important.

There still remains the sensitive issue of the role and place of a domestic prospector—namely, Polish Oil and Gas Extraction Corporation (PGNiG).

"Our agreement with the PGNiG divides Poland into two zones," explained Director Marek Hofman at the Department of Natural Resources, in the Ministry for Environmental Protection, Natural Resources, and Forestry." The first zone encompasses areas in which development is already under way and deposits have been explored and are generally easier to develop. Segments of the second zone are successively opened to bidding by oil and gas prospectors. These segments exist in exceptionally difficult geological conditions and are highly risky."

Because we are on the subject, we will conclude with some good news. Petrobaltic, by now in its capacity as a purely Polish company, intends any day now to initiate the development of Section B-3 in the Baltic, which is considered highly promising. Prospecting in the Polish shelf [of the Baltic Sea] is to be continued.

Machine-Building Industry Reviewed

94EP0057A Warsaw ZYCIE GOSPODARCZE in Polish No. 13, 27 Mar 94 p 16

[Article by Elzbieta Maczynska: "The Machine-Building Industry on the '500 List'"]

[Text] The machine-building industry fulfills the function of carrier of technical progress and modernity, throwing practically all sectors of the economy into development. Thus it is vital to analyze the tendencies and developmental trends in this sphere. Overall, 134 enterprises of the machine-building industry (26.8 percent of the total studied; in 1991, the number was 28 percent) are on the '500 List,' and every industry sector is represented on the list by several units.

The share of enterprises of the machine-building industry in the sales value of all 500 List enterprises is 19.3 percent (in 1991—20.4 percent), or one-sixth of total sales value.

Of the 134 enterprises of the machine-building industry on the list, only 98 operate at a gross profit. The other 36 take a gross loss on the sale of their products. In addition, these losses are increased by the dividends these enterprises pay and by the tax on above-the-plan growth of wages [popiwek]. With these latter included, an additional 10 enterprises (for a total of 46) show negative net financial results.

The 98 profitable enterprises of the machine-building industry showed a gross profit of 5 trillion zlotys [Z] (in 1991 Z6.2 trillion). However, the 36 loss-bearing enterprises showed a gross loss of Z9.2 trillion (in 1991, Z7.2 trillion), which significantly exceeded the profits of the other enterprises. Thus, these 134 showed a negative gross financial balance of over Z4.2 trillion (in 1991, Z903 billion). When mandatory costs are included, the negative net financial balance comes to Z8.6 trillion. This reveals the catastrophic rise in the machine-building industry's debt.

As analysis of the data thus indicates, the machine-building industry is characterized by deficit, as in 1991, and that deficit is increasing. The profitability indicator, calculated as the relation of gross financial result to sales, equals 2.1 percent (in 1991, 1.4 percent); net profitability equaled 87.4 percent. The profitability of sales came to minus 6.8 percent. For the entire machine-building industry, the deficit earnings were even higher in 1992, coming to minus 9.6 percent (in 1991, minus 8.3 percent). So the profitability of the machine-building industry continued to worsen.

Enterprises of the machine-building industry absorbed over 68 percent of supplementary payments and subsidies made to the 500 enterprises on the list; their share in costs (18.9 percent) was slightly less than their share in sales (19.3 percent). These enterprises, however, are characterized by the highest relation of costs to financial result—55 percent. The sum of these costs, Z4.4 trillion, is close to the sum of gross profit (Z5 trillion).

The current liquidity indicator of the enterprises of the machine-building industry on the 500 List was higher than the average for the list, coming to 2.1 (for the 500, the indicator was 1.9). The same is true for the indicator of rapid liquidity—the so-called quick ratio (0.9 and 0.8 percent, respectively), and that of immediate solvency (0.3 percent). Such a low indicator level shows that these enterprises are encountering difficulties with the realization of current obligations and payments.

Conclusions

- Enterprises of the machine-building industry have a significant share on the 500 List both of value of sales (19.3 percent—second place after the food industry) and of employment (36.4 percent—first place).
- At the same time, the share in payments and costs required by the state budget is similar to that in sales—18.9 percent.
- The share of these enterprises in total subsidies and supplementary payments is also high, and growing, in comparison to 1991.
- As in 1991, the enterprises of the machine-building industry show the second-highest deficit on the 500 List, after enterprises of the consumer goods industry.
- The machine-building industry's indicators, which are unfavorable in the context of the 500 enterprises, are the more ominous because there is a clear divergence between the volume of sales and the size of financial surpluses. Many of the enterprises with the highest sales show a negative financial result and/or a very low profitability indicator. The transportation industry has both the largest share of sales in the machine-building industry and the highest deficit of gross and net sales.
- Enterprises with the highest employment are often deficit operations; this may be, on the one hand, a brake on restructuring, while, on the other, indicate the necessity of such action.
- Enterprises of the machine-building industry on the 500 List incur on balance a total net loss of Z8.5 trillion. The profits of the 98 profitable enterprises are thus negated in the context of the 36 unprofitable enterprises. In this sense, the situation worsened in 1992 in comparison with that in 1991.
- At the same time, the link between the level of deficit and the amount of dividends and popiwek paid is clear. It is not uncommon that an enterprise earns a gross profit, which, after the payment of income tax, in insufficient to pay dividends and the popiwek; the enterprise thus enters the loss column. This is so for 10 of the enterprises with a gross profit.
- Many of the enterprises that are least profitable are also payers of the popiwek—for example, most of the shipyards. At the same time, a large portion of the enterprises paying dividends and the popiwek show large sales.
- One can thus formulate a preliminary hypothesis that one of the most important barriers to the development of the machine-building industry is the low productivity and ineffectiveness of the mechanisms for rationalizing employment and pay—above all, the popiwek.
- The deficit situation of many enterprises of the machine-building industry and that industry's great technical and personnel potential demands careful preparation and implementation of complex programs of restructuring.

General Year-to-Date Economic Trends Viewed

94EP0059A Warsaw ZYCIE GOSPODARCZE in Polish No. 15, 10 Apr 94 p 12

[Article by mak.: "Favorable Signals"]

[Text] Early this year, the indicators of industrial output, labor productivity, and exports have been favorable. Such is the conclusion from the findings of polls conducted by CUP [Central Planning Office] at 133 industrial, construction, and commercial enterprises, both public and private, and at 39 bank branches. To be sure,

this cannot be the basis for evaluating the entire economy, but it may be that general trends are similar.

Since December, the proportion of enterprises at which output has been rising remained the same at 30 percent. A most important fact is the 9-percent decline in February, compared with January, in the number of enterprises at which output fell. The rapid decline in unemployment has been halted. The decline in exports has been halted after three months of a steady decrease. More than one-half of the enterprises reported that the demand for their products is close to their productive capacities. The respondents to CUP's polls also expected the favorable trends to persist in March.

At more than 70 percent of the polled enterprises, average wage did not change, while at 30 percent (that is, fewer, compared with 35 percent in December) the "popiwek" [tax on wage increases] was paid. In February, 26 percent of the enterprises (compared with 26 percent in January and 21 percent in December) raised the prices of their products and services. Fewer than 1 percent of the enterprises reported price reductions. Prices are rising because of the rising costs of raw materials, energy, and producer goods.

In Industry

In February, output rose at 30 percent of the polled enterprises and declined at 31 percent. These proportions are better than in the previous months and, most importantly, the forecasts for March are favorable. Forty-one percent of the enterprises anticipate an increase in output, and only 4 percent expect a decrease. Despite these improved prospects, it was pointed out that reasons for restricting output remain numerous. At many plants, the output level is unstable, and output planning is for periods not longer than six months.

However, numerous instances prove that enterprises are exploring ways of extricating themselves from their problems. Marketing, the application of new technologies, restructuring, and organizational changes generally produce favorable results. It would be worthwhile to consider these instances.

The Amino Plant in Poznan is part of the U.S. concern CPC operating 116 plants in 52 countries. Following modernization and the introduction of new licenses, the products of the Polish factory successfully withstand competition with Western products. The Automotive Electronics Plant in Elk (branch of the Warsaw FSO Passenger Car Factory) exports one-half of its output. It manufactures wiring (electrical, brake cable, etc.) for various makes of cars, such as Mercedes-Benz, GM, Fiat, and Peugeot. The Herbapol Plant in Lublin is benefiting from the growing interest in herbs, syrups, herb medicines, and herb teas. A new shift was added, along with 40 new jobs, and employment rose to 500.

But, as the questionnaires show, the situation is not as favorable everywhere. Many enterprises and even entire branches and subsectors face huge problems with maintaining production. This chiefly concerns the arms plants. Their workforces are demanding bigger orders from the Defense Ministry, funds for restructuring, a halt to the placement of orders with foreign suppliers for those armament components that can be produced in this country, and social protection. The dispute betwee the Defense Ministry and the Mielec Transportation Equipment Plant about the Iryda aircraft threatens a decline of the aviation industry.

The situation of the entire shipyard industry is deteriorating. The cutbacks in production at Gdansk Shipyard Incorporated directly affect its principal engine suppliers—that is, the Cegielski Plant in Poznan and Zgoda in Swietochlowice. It is believed that, although the crisis of the shipping industry worldwide is passing, the expensive products of the debt-laden Polish shipyards are not likely to find buyers.

In Foreign Trade

Following three months of steady decline, in February the proportion of enterprises whose exports increased rose (from 24 percent in January) to 44 percent in February. Similarly, there was a decrease in the number of enterprises at which exports dropped. For March, a decline in exports is anticipated at only 6 percent of enterprises, and at 54 percent the existing level of exports will be maintained. In the opinion of the enterprises, exports will stabilize because the contracts concluded for 1994 will be implemented.

Many producers are striving to conclude long-term trade contracts. For example, the Widzew Wifama Machinery Plant is negotiating a four-year contract with Iran. The Plock Mostostal Steel Bridge Structures Plant has long-term [construction] contracts in Africa and the Middle East. Cooperation and mutual trade are growing in the border provinces of Poland. Slovakia has agreed to restore border traffic based on personal identity documents. Although border crossings are being modernized and new ones added, the widespread opinion is that they are still too few. Moreover, the absence of superhighways, harbor transloading terminals, and ferry bases clearly hobbles foreign trade.

In the opinion of those responding to the CUP poll, the transit of goods across Poland in all directions should become one of the foundations of our economic strategy. For example, the expansion of the Gdynia seaport and the [construction of the] North-South Trans-European Highway would serve to absorb transit traffic from Scandinavia to the Middle East. In addition, a project for laying a broad-gauge railroad line from the Belarus border to the seaports of the Gdynia-Gdansk-Sopot Tricity is being considered. For the time being, however, the planning of highway construction is limited by the lack of funds needed for preliminary work and the acquisition of land. Greater interest is shown on the regional scale; for example, a consortium for building the East-West Highway was formed in Wielkopolska.

On the Job Market

In February, employment declined at 22 percent of the enterprises polled. In March, it is expected to decline at only 11.5 percent and to increase at 6 percent. An adequate level of employment was reported by 64 percent of the enterprises, an excessive level by 32 percent, and an insufficient level by 4 percent. Following an initial period of restructuring and cutbacks in employment, the enterprises are beginning to expand, explore new markets, and hire needed experts.

The pattern of the ownership structure at enterprises subject to voivodes [province governors] is steadily changing. In Leszno Voivodship, one-half of 56 such enterprises became privatized (chiefly through a leasing procedure), in Bydgoszcz Voivodship 22 plants, and in Torun Voivodship 27. In Lodz Voivodship, ownership transformations in the past four years extended to 110 plants, of which 80 percent became employee-owned companies. This undermines the notion that state assets are being sold out to foreign investors. However, such investors did participate in successful privatization projects such as those concerning the Dresso Knitwear Factory, the Lodz Papermaking Plant, the Pabia ZPO, Elta, and Wizamet.

In some cases, the decision to privatize has met with protest and resistance from trade unions and workforces, as, for example, at the Szczecin Shipyard, the Ozarow Cement Plant, and the Tobacco Factory in Krakow. Disputes in such controversial cases are delaying privatization.

UNPROFOR Protests Attack Near Gorazde

AU3004125594 Paris AFP in English 1010 GMT 30 Apr 94

[Text] Sarajevo, April 30 (AFP)—The UN Protection Force [UNPROFOR] protested Saturday to Bosnian Serb authorities over an attack on British UN troops on foot patrol inside a NATO-imposed exclusion zone in the Moslem enclave of Gorazde. A patrol came under fire Friday [29 April] at 1:30 p.m. (1130 GMT) in the east of the zone from Serb forces which were themselves within the three-kilometre (two-mile) limit imposed by the North Atlantic Treaty Organisation on April 22, UNPROFOR spokesman Eric Chaperon said. The British forces had taken no casualties. They had riposted, and the Serbs were believed to have taken three casualties in what Chaperon described as a violation of the NATO ultimatum in the eastern town of some 65,000 residents.

Under the NATO deadline, all Serb heavy weaponry was to be withdrawn from a 20 kilometre (12 mile) radius around Gorazde, and troops pulled out from the inner exclusion zone, by 0001 GMT Wednesday. No further details were immediately available on Friday's incident.

UNPROFOR 'Attack' Near Tuzla Reported

LD0105160694 Belgrade TANJUG Domestic Service in Serbo-Croatian 1429 GMT 1 May 94

[Text] Sarajevo, 1 May (TANJUG)—The main headquarters of the republic of Srpska army today announced that on 30 April UN Protection Forces [UNPROFOR] took part—together with Muslim units—in an attack on Serbian positions in the Tuzla region. A statement says that two armored vehicle platoons of the Nordic battalion were involved in the attack in which nine people were killed and five wounded on the Serbian side.

The main headquarters has received reports that Nordic officers received 500,000 German marks for the UNPROFOR armored-mechanized and artillery support for Muslim infantry.

The statement, issued today by Chief of Staff Manojlo Milovanovic on behalf of the main headquarters, reads:

On 30 April UNPROFOR launched their first ground assault on positions of the Srpska republic army and Serb territory in former Bosnia-Herzegovina. Early yesterday morning the Muslim forces launched a strong, well-organized artillery and infantry attack from the demarcation lines around Kalesija, Kladanj, and Olovo, in the Tuzla area. The attack on Vis hill, the Srpska republic army's closest position to Tuzla airport, was particularly strong, with the objective of provoking a heavy Serb response against the airport, which would then be used to force NATO into issuing an ultimatum to the Serbs to withdraw their heavy weapons to 20 km from Tuzla and Dubrave airport.

Two armored vehicles from the Nordic battalion deployed in the Tuzla area also took part in the attack against the Serbian positions and territory. Colonel Bosne himself, the deputy UNPROFOR chief of staff for the former Bosnia-Herzegovina, has admitted that this unit fired 74 shells. We have found out that the Muslims have paid 500,000 German marks to one of the Nordic battalion commanders for support for the Muslim infantry by UNPROFOR armored vehicles and artillery units. They paid 5,000 German marks for each armored vehicle that took part in the attack and 1,000 marks for each artillery shell fired. According to unofficial reports, UNPROFOR is currently investigating the involvement of its ground forces in the Muslim offensive.

The following are the names of the casualties caused by the first ground attack by UNPROFOR against the Serbian positions, in which armoured vehicles and Leopard tanks were used: Milic Mara (1927), Radivojevic Ruza (1950), Krstic Mira (1976), Stupar Ljubisa (1955), Radojcic Ljubisa (1968), Petrovic Zoran (1963), Zepinic Milisav (1954), Vukovic Zoran (1964), and Brkic Branko (1948). Milic Danica, Radivojevic Djoko, Todic Mirko, Tripic Milko, and Pavic Dragan were wounded.

This UNPROFOR attack is the best confirmation that the authorities and the army of the republic of Srpska were justified when they earlier opposed the deployment of tanks and other heavy offensive weapons in the Tuzla area. At the same time, this is a proof of open and biased involvement of the UN peace forces on the Muslim side. This casts serious doubt on their peace mission and, objectively speaking, will lead to the internationalization of the war in this region.

Under the international law on warfare, the republic of Srpska army has the right to return fire on the attacker's forces, regardless of where their positions are. However, the republic of Srpska army will not respond on this occasion, in the belief that UNPROFOR's attack is the action of an irresponsible officer who is probably involved in the above-mentioned money deals with the Muslims, the statement says.

UNPROFOR Spokesman Comments

LD0105194294 Paris TF-1 Television Network in French 1800 GMT 1 May 94

[Excerpts] There has been a violent clash in Bosnia where Scandinavian UN troops responded to Serb attacks. This is the first time this has happened. [passage omitted] Our special correspondents, Michel Floquet and Gilles Hemart, report:

[Floquet] The Leopard tanks which the Scandinavian battalion is equipped with are the heaviest weapons in the UN Protection Forces [UNPROFOR]. For this reason, the Serbs objected for a long time to their arrival in Bosnia. Since mid-February they have been positioned in the Tuzla sector, where tension has increased in the past few days until last night's incident. A Danish

observation force came under attack and called for eight Leopard tanks as reinforcements:

[Begin recording] [Eric Chaperon, spokesman for General Michael Rose] The incident lasted about an hour, and during the incident the Leopard tanks replied with a significant number of shots.

[Floquet] How many shots did they fire?

[Chaperon] The exact figure is 72.

[Floquet] That's a huge response.

[Chaperon] The response was considerable, you are right, but then so was the attack. The Danes did what they had to do. [end recording]

[Floquet] It was the local Danish commander who decided to respond without asking Sarajevo, Zagreb, or the United Nations if he was doing the right thing. This evening UNPROFOR is backing him. It even seems to be delighted. And the Serbs are not reacting. So many UN troops are wondering now whether they should not have demonstrated their strength and determination a little sooner. [passage omitted]

NATO Planes Called In Over Sarajevo

AU0205114594 Paris AFP in English 1128 GMT 2 May 94

[By Bernard Besserglik]

[Text] Sarajevo, May 2 (AFP)—NATO warplanes were called in to deter a group of Serbs who attempted to remove a heavy weapon from a collection point within the 20-kilometre (12.5 mile) exclusion zone around Sarajevo, a UN spokesman said Monday. Around the same time three Serb shells fell in a non-residential area of central Sarajevo, another spokesman said.

The Serbs approached the collection point at Poljine, near Vogosca, six kilometres (four miles) north of Sarajevo, at 8:00 p.m. (1800 GMT) Sunday, and demanded that they be allowed to move a 122mm gun stored in the depot with several other large-calibre guns, UN Protection Force [UNPROFOR] spokesman Eric Chaperon said. French UN peacekeepers at the site rejected the demand, and the Serbs left around midnight after NATO planes were called in to overfly the region.

Meanwhile three Serb shells exploded near the Grbavica area of Sarajevo, Sarajevo sector spokesman Guy Vinet said. Two fell 300 metres (yards) from the Brotherhood and Unity bridge, the main crossing point between central Sarajevo and the Serb-controlled Grbavica suburb. No casualties were reported.

The incidents were the latest in a series in which Serb forces have violated or attempted to violate ceasefire agreements and exclusion zones ordered by the North Atlantic Treaty Organisation around Sarajevo and Gorazde in eastern Bosnia.

An UNPROFOR convoy bringing a British battalion of peacekeepers to Gorazde was still held up early Monday at Rogatica where local officials were demanding to inspect the personal possessions of the troops, Chaperon said.

The convoy set out for Gorazde at 8:00 a.m. on Saturday and was held up at the first Serb checkpoint between Sarajevo and Kiseljak, west of the capital, for most of the day. An UNPROFOR spokesman said Sunday he believed the convoy had been allowed through Rogatica, located midway along the 70-killometre (40-mile) route between Sarajevo and Gorazde.

The troops are badly needed to reinforce the 500 peacekeepers currently policing the exclusion zone imposed on the UN-designated safe area. Chaperon said the delay was a violation of NATO's April 22 ultimatum ordering free and unimpeded movement for UNPROFOR and humanitarian relief convoys.

An attack on Danish Leopard tanks near the safe area of Tuzla, in northeastern Bosnia, late Friday left nine dead and four wounded on the Serb side when the UN peacekeepers riposted, Chaperon said, citing figures issued by the Serbs. The tanks fired 72 rounds during the exchange near a UN observation post. "Shooting at a Leopard is a very bad idea," Chaperon added.

The sector further north near Brcko, where UNPROFOR has detected a build-up of Serb heavy weapons and Bosnian army infantry in recent days, was reported quiet.

A group of around 100 Serb militiamen had grouped on the east bank of the Drina river within the three-kilometre (two-mile) exclusion zone in Gorazde, Chaperon said. Most of the men were currently unarmed, though they had been armed earlier, he added said. The Serbs claimed to be policemen, ensuring the protection of Serb civilians in that part of the town, he noted.

Two U.S. Reporters Killed by Mine

LD0105204594 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 1 May 94

[Text] Two U.S. journalists were killed and one was injured in Bosnia-Herzegovina today. For as yet unknown reasons their car skidded off the Sarajevo-Mostar road and hit a mine. Brian Bringhton of the (Magnolia) news agency and Francis Willian Tomasich of the Spin agency. William Wallman of the Spin agency suffered slight injuries, a spokesman for the Spanish battalion has told HABENA in Medjugorje. An UNPROFOR [UN Protection Forces] patrol has taken the wounded reporter to Dracevo's hospital.

British Soldier Dies in Mine Explosion

AU2904195994 Paris AFP in English 1954 GMT 29 Apr 94

[Text] London, April 29 (AFP)—A British soldier was killed and two injured when their Land-Rover went over

an anti-tank mine in central Bosnia Friday [29 April], the Ministry of Defence said. The incident occurred near Gornji Vakuf, a ministry spokesman said. Also in the vehicle, on a routine reconnaissance mission, were three local guides, two of whom received minor injuries.

International 'Contact Group' Holds Talks

Buha: Talks 'Good Start'

AU2904141694 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 29 Apr 94

[Report by Marica Lalovic]

[Text] The talks that Radovan Karadzic, president of the Srpska republic, and Aleksa Buha, foreign minister of the republic of Srpska, held with a seven-member international contact group, a working body for establishing peace in the former Bosnia-Herzegovina, ended in Pale today.

After the talks, which were held behind closed doors, Aleksa Buha, foreign minister of the republic of Srpska, and German representative Michael Steiner made brief statements. Steiner said that the group had presented its views and ideas and that several interesting views and positions had been presented during the talks. We sincerely hope that the ideas that we presented here will be accepted, and that will have an effect on the Serbian side, because our motive is to turn the situation toward peace, Steiner said.

Aleksa Buha, foreign minister of the republic of Srpska, said that the group that came to Pale today to hold talks with the representatives of the republic of Srpska should connect up the broken threads of the peace process again. The two sides exchanged views on that today. Our side, the Serbian side, wanted the contact group to note everything that has happened in the mean time, the bombing, the ultimatums, and the creation of the Croatian-Muslim federation. We wanted the peace process to continue with a different methodology and we informed the representatives of the contact group about that.

Buha also said that both sides share the view that a good start was made today and that they should continue in the same direction.

Izetbegovic Sees 'No Results'

AU2904171694 Paris AFP in English 1703 GMT 29 Apr 94

[Excerpts] Sarajevo, April 29 (AFP)—An international contact group looking to mediate between the warring Bosnians left here Friday [29 April] amid little sign of progress. The nine-man group, which Friday travelled the short journey to Pale, east of Sarajevo, for talks with Serb leaders later returned for a further meeting with Bosnia's Moslem President Alija Izetbegovic, before flying on to Zagreb. [passage omitted]

In a statement after the group's departure, Izetbegovic said his discussions with the group had provided no results. He said he had set no conditions for restarting negotiations apart from full Serb compliance with the NATO ultimatum and ceasefire, but said he was not satisfied with the situation in Gorazde. There were Serb troops deployed in part of the three-kilometre (two-mile) exclusion zone dressed as police, and artillery remaining in the outer exclusion zone of 20 kilometres (12.5 miles). He added that since the Bosnian Government had received no guarantee from the international community, the army must continue to defend "free" territory. [passage omitted]

Group Leaders Comment

AU2904193894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 29 Apr 94

[Excerpts] Members of the contact group for Bosnia-Herzegovina that includes representatives of the United States, Russia, France, Germany, Great Britain, and the United Nations had talks today with Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina. Here is a report by Nedzad Leko:

[Begin recording] [Leko] After the talks, the first to address the journalists was David Manning, head of the contact group and representative of Great Britain:

[Manning, in English with superimposed translation into Serbo-Croatian] We have had two very useful days of talks, both here and in Pale. We have established two courses of action. We need a cease-fire and we must accelerate the diplomatic process. We have expounded our ideas to both sides. They listened to us and presented their first reactions. We should come back next week. We shall leave them time to think about this so that next week we shall be able to see how far we have got.

[Leko] [passage omitted] Speaking about the talks that he had with the members of the contact group, President Alija Izetbegovic said the following:

[Izetbegovic] Well, I do not have anything special to tell you, apart from the fact that [word indistinct] Mr. Redman and his associates said that the Serbs had agreed to comply with the conditions of the ultimatum that [word indistinct] on Gorazde. As far as we know, they still have not done so, but they are supposedly going to. Of course, we are going to monitor their activities and see what they will do.

The talks about the cessation of hostilities are continuing. No special agreement has been reached as yet. This group, the contact group will come again all together on 5 May to resume the talks. That is all. They have informed us about the course of the talks held in Pale.

[Leko] Foreign journalists asked President Izetbegovic whether he is satisfied with the way the aggressor is complying with the NATO ultimatum.

[Izetbegovic] I am not satisfied with what has been done in Gorazde. Namely, they have kept armed people there as police (?cadres) within the 3-km radius. And there is still some heavy weaponry within the 20-km radius.

[Leko] Under what conditions will you negotiate with the enemy, the foreign journalists asked.

[Izetbegovic] We have said that we will negotiate, provided that that the conditions of [words indistinct] (?in Gorazde). There are no other conditions. There is only the assertion that there are going to be no special [words indistinct]. Of course, we are going to demand guarantees of their compliance with the cease-fire.

[Leko] One journalist asked: Are you afraid that the aggressor may continue that same practice of redeploying heavy weapons to other fronts?

[Izetbegovic] Yes, we pointed out this danger. We want the international community to take some measures against the future moving of heavy artillery and equipment that was concentrated around Gorazde. In this respect we do not have any special guarantees and it has therefore remained for our army to defend (?these) free territories. This is the only guarantee. [words indistinct] our [words indistinct] Sarajevo and Gorazde. However, we cannot (?deny) that the international community has nevertheless done something in that respect. Sarajevo [words indistinct] is obviously under [words indistinct]. In Gorazde [passage indistinct].

However, our army obviously has to defend these territories and in this respect, I think that it is ready [to do so].

[Leko] Will you accept a permanent cease-fire?, the foreign journalists asked.

[Izetbegovic] We are going to accept a temporary cease-fire only. We are going to accept a temporary cease-fire only, of between two and three months. They have [words indistinct]. We have refused [word indistinct]. [end recording]

Srpska Army 'Sources' Comment

LD2904125894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1133 GMT 29 Apr 94

[Excerpt] Zvornik, Bratunac, 19 Apr (TANJUG)—Muslim attacks and armed provocations against the republic of Srpska (RS) were evidently less intense and widespread today in comparison with the situation in recent days, a TANJUG reporter has found out from republic of Srpska army sources. The same sources interpret this as a consequence of direct activities by the international Contact Group, which held talks in Sarajevo yesterday with representatives of the Muslim leaderhip. Reasons for the reduced level of combat activity by the Muslim units lie in the international efforts to bring about a four-month cease-fire, something which had been demanded by the Muslim leadership in Sarajevo, Serbian military sources point out. This is explained by the need to provide a let-up for the Muslim formations, which also gives them enough time to prepare new wider attacks against the RS, some of which are already under way.

Serbian military sources say that republic of Srpska army units yesterday completely crushed an extremely strong two-day attack by the Muslim artillery and infantry units, mainly on the Mackov Vrh-Javorak-Neokrinje line in the Vlasic area. [passage omitted]

'Sources' Report CIA Sending Arms, AIDS

LD2904181694 Belgrade TANJUG in English 1222 GMT 29 Apr 94

[Text] Belgrade, April 29 (TANJUG)—A report that leaked out recently from sources close to the CIA says that U.S. humanitarian airdrops to Bosnian Moslems contained not only arms for fighting the Serbs but also blood plasma contaminated with the deadly AIDS virus, the Belgrade daily EKSPRES POLITIKA writes on Friday [29 April]. The paper says that U.S. President Bill Clinton was informed about that by the CIA branch in Frankfurt in mid-April. The CIA, the FBI and the German Military Intelligence have launched a thorough investigation into the matter after it was established that a container with 4,158 bags of blood plasma suspected of being infected with the AIDS virus had been sent to Bosnian Moslem fighters.

The red alert was given when the wounded Moslem soldiers from central Bosnia, 243 of whom were later found to have been contaminated with the HIV virus, started arriving to a military hospital in Bad Told 80 km from Munich. Germany, which has so far wholeheartedly supported Bosnian Moslems, now insists that the United States immediately remove from its territory "the deadly cargo." The Turks, who had been helping their Moslem brethren in Bosnia in both troops and weapons, say it is out of the question that some of those who have tested positive for HIV be treated in Turkish hospitals.

Iran, which has so far vowed to send mujaheddin to kill all Serbs "in the name of Allah," has also flatly rejected to help. Although all German papers are bound to know about the deadly U.S. airdrops to Bosnian Moslems, they are keeping their mouths shut probably because no matter how much they would like it they cannot blame the Serbs for the terrible mistake of others, says POLITIKA EKSPRES in conclusion.

French Call For Tougher Line on Air Strikes

AU0105131894 Paris AFP in English 1144 GMT 1 May 94

[Text] Sarajevo, May 1 (AFP)—The head of the French army called Sunday [1 May] for a tougher line on a NATO air strike threat, amid increasing ceasefire violations and harassment of UN forces in Bosnia over the past two days. Admiral Jacques Lanxade, referring to a

NATO ultimatum over attacks against UN-designated safe areas, said that if it was violated in any way: "France would recommend strikes." The most serious harassment in the last two days was a direct Bosnian Serb attack on UN tanks in northern Bosnia, UN Protection Force [UNPROFOR] spokesman commander Eric Chaperon said.

He said UN Nordic battalion tanks reinforcing an observation post near the UN-designated safe area of Tuzla responded with 72 tank rounds when attacked by Serbs. Chaperon said the Serbs fired four wire-guided anti-tank missiles which landed close to the tanks, porovoking the tanks to respond with 72 rounds, the most massive UNPROFOR retaliation so far. "The rockets were fired to hit. These are not toys. They did not miss their targets deliberately," he said.

No exact figures for Serb casualties in the incident were available, Chaperon said, but added that Serb military commanders had reported a number of dead and injured, as well as damage to equipment. In Sarajevo, "the usual ceasefire violations" had been reported, Chaperon said, indicating these were mostly exchanges of small arms fire. A French Puma helicopter was hit by small arms fire while approaching the airport Saturday. Meanwhile in Vitez, also a UN-designated area in central Bosnia, a rocket-propelled grenade landed 50 metres from the entrance to the base of the British UN batallion Saturday.

In Gorazde, small arms fire had continued despite the stand-off with NATO last week, and two Bosnian army mortar shells fell on Serb positions, Chaperon said. Sources in the region have indicated that about 100 armed Serbs were deployed in the region to protect the Serb population on the right bank of the river Drina.

"They are Serb militia, not soldiers. We do not have exact figures" for the number involved, Chaperon said. Meanwhile Admiral Lanxade, who arrived here Saturday, stressed that Paris backed strict adherence to the threat of air strikes for violations of the NATO ultimatum to Bosnian Serbs.

Talking to journalists at Sarajevo airport, Lanxade stressed that it was "absolutely clear that if the terms of the ultimatum are violated, France would recommend strikes." Informed sources said Lanxade discussed the issue with UNPROFOR commander General Sir Michael Rose when he met him here Sunday morning. A member of Lanxade's staff said the meeting was to "clear up any misunderstandings." He said there was a "need for mutual explanation. "The staff member said Rose's views "should be made more precise," because "he gives the impression of being so against strikes that he is removing their credibility entirely."

The French general stressed however that "the UN has not backed off, nor has there been a difference opinion with France... we must negotiate on the ground, and maintain the NATO pressure. Success on the ground depends on the combination of these two actions," he said, stressing that the West did not plan to "strike for striking's sake, but to lead to a resolution" of the conflict. Lanxade later left Sarajevo by helicopter bound for the Croatian port of Split, from where he will return to Paris.

Izetbegovic Asks Tudjman for Help on Agreement

LD3004182894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 30 Apr 94

[Text] Alija Izetbegovic, the president of the Bosnia-Herzegovina Presidency, today sent an open letter to Croatian President Franjo Tudjman. The letter reads:

Dear Mr. President, more than a month ago we signed the Washington agreement, which opened a new perspective for the development of relations between the Bosniak and Croat peoples, as well as Croatia and Bosnia-Herzegovina. Soon after this political document was adopted mutual Muslim-Croat clashes stopped and roads for humanitarian convoys have been opened to a certain extent. However, the implementation of other important provisions of this agreement, and the possibilities that it offers, are obviously (?late).

I would like to confirm in this letter our interest in a speedy and complete implementation of the Washington Agreement. Seeing that I am convinced that you share the same interest, would you please use the influence you certainly have in order to implement this agreement quickly and effectively.

I believe that delegations of Bosniaks and Croats should meet without further delay. The delegations should propose solutions to all remaining open issues, including the maps of the cantons, the personnel issues of the future government and presidency, the formation of the joint military command, and other issues, the letter stresses. Some of the priorities are also the adoption of a program [not specified], the return of refugees to their homes, and the opening of all communication routes. The delegations have met twice, but the importance and volume of work demand not a few hours, but a few days of work. After proposals and stands are agreed upon, an Assembly session should immediately be convened to approve the agreed issues.

I believe that we can count on your cooperation to curb the enemies of the Washington Agreement. Unfortunately, there are still such people, who, despite the efforts of the political leaders, have not stopped short of barbaric actions in the field in order to undermine and rekindle the conflicts.

Mr. President, I am also convinced that your soon arrival on the announced visit to Bosnia-Herzegovina would contribute to the realization of goals (?set out in this letter).

Please accept the expressions of my respect. This is said at the end of the letter sent to Croatian President Franjo Tudjman by Alija Izetbegovic, the president of the Bosnia-Herzegovina Presidency.

Ganic Condemns World's 'Failure To Act'

LD0105142994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 1 May 94

[Excerpts] The main European and world ceremony celebrating international labor day on 1 May, was held in Sarajevo today. The secretary generals of the three largest trade union confederations in Europe and the world visited Sarajevo today for the occasion. [passage omitted]

[Unidentified correspondent] Ejup Ganic, member of the Bosnian presidency, also addressed the meeting on behalf of President Izetbegovic and the Bosnia-Herzegovina presidency.

[Begin Ganic recording] It is not by accident that the world's largest trade union confederations have chosen Sarajevo as the venue for this year's main May Day celebration. This reveals a bad conscience because the world has failed to do all that it can for Bosnia-Herzegovina. Workers, those who are least to blame for the failure to act, are doing this to catch the attention of UN politicians, politicians of all countries, people who hold the power. In the name of human solidarity, in the name of the moral and political principles they uphold, they should not have left a country of hard-working people, a country of culture, science, and work, to the tender mercies of the armed chetnik gangs. What is all the more humiliating is that this country and its people have been denied the right to defend themselves by the imposition of an unjust embargo on the import of arms.

The so-called protected area of Gorazde was defended by the courage of almost unarmed defenders who sustained the assaults by the aggressors equipped with (state-of-the-art) weapons of mass destruction. Those who prevented a more effective defense and protection of Gorazde and its residents are the accomplices of the crime in that town. [end recording] [passage omitted]

Muslim Army Chief Discusses Military Situation

LD2904214294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 29 Apr 94

[Text] Army General Rasim Delic, chief of the General Staff of the Bosnia-Herzegovina Army, assessed the present military situation in our country speaking on Bosnia-Herzegovina television this evening:

[Begin Delic recording] Enemy forces are regrouping throughout the Bosnia-Herzegovina front. Some foreign agencies are reporting about regrouping in Posavina. This started before their reports. Namely, armored and mechanized forces from Krajina have started arriving. After Gorazde, and after the withdrawal from the Gorazde area, they are stepping up their reinforcement. The goal that the aggressor forces are trying to realize is well known: To widen the Brcko corridor. This regrouping is now taking place from Gradacac to Celic, i.e., along the entire Posavina section of the Bosnia-Herzegovina front.

Given that we have been monitoring such events and taking appropriate measures I do not expect that they will surprise us in this respect. But one should say that the situation such as the one in Gorazde and earlier in Sarajevo, when the UNPROFOR [UN Protection Forces] was only taking over the protection of certain territories, creates conditions for the aggressors to concentrate large armored and mechanized units and even personnel in the specific areas that they chose as the target of their aggression.

Our demand has always been for the heavy artillery, as well as the armored and mechanized units of the two sides to be placed under effective control. Unfortunately, in both Sarajevo and Gorazde this did not happen and consequently there is a danger of additional enemy involvement in some of our other areas, taking into account the amount of heavy technology at the disposal of the Serbian aggressors. [end recording]

Krajisnik Favors Kozyrev's Cease-Fire Plan

LD2904224894 Belgrade TANJUG Domestic Service in Serbo-Croatian 2205 GMT 29 Apr 94

[Text] Belgrade, 29 Apr (TANJUG)—Momcilo Krajisnik, the president of the people's assembly of the republic of Srpska, told SRNA [Bosnian Serb news] agency this evening that the Serb side would support Russian Foreign Minister Andrey Kozyrev's proposal on establishing a one-year cease-fire in former Bosnia-Herzegovina and on solving disputed issues through arbitration. Saying that Kozyrev's initiative "deserves great attention," Krajisnik added that the Serb side would support it "if arbitration agents who will reach a just solution are found." Krajisnik stressed that the Serb side believed that it was necessary to agree on a cessation of hostilities and replace the war with political negotiations, but without "prejudicing solutions."

"We would be ready to accept arbitration, but the Serbs have had negative experiences with the work of the international community which has on several occasions displayed bias and sided with the Muslims," the president of the republic of Srpska assembly said. "In any event, we advocate the establishing of peace and talks, but without a solution being imposed on any side in the conflict in former Bosnia-Herzegovina," Krajisnik said.

Continuing Tension Reported in Gorazde

British Forces Detained

LD0105170794 London PRESS ASSOCIATION in English 1657 GMT 1 May 94

[By David Mason, PA News]

[Text] A British armoured column was held up at a Serb checkpoint near Gorazde today as the United Nations reported rising tension in the Muslim enclave. The 168-strong British force, including 32 Saxon armoured

vehicles, was due to reinforce about 500 UN peacekeepers patrolling an increasingly unstable ceasefire around the town. But a spokesman at UN HQ in Sarajevo said it had been held up since the early hours at a Serb checkpoint at Rogatica, just north of the town. The contingent is mainly drawn from the Duke of Wellington's regiment, and its commanding officer Lieutenant Colonel David Santa-Olalla will take command of UN forces in the enclave when it arrives.

UN Protection Force spokesman Eric Chaperon said the situation in Gorazde was worsening and Muslim forces on Saturday fired two mortar rounds at the Bosnian Serbs. "The situation in Gorazde is getting unstable due to the increasing tension around the water plant, along the confrontation line north west of the town," he said. "Several small arms exchanges were reported in the area."

Both sides agreed a ceasefire after the Serbs lifted a month-long siege of the town in compliance with a Nato ultimatum to pull back. But UN officials said the Serbs had failed to withdraw all their infantry from a two-mile exclusion zone and Muslim-led forces were ignoring requests from peacekeeping troops in the area.

'Veritable Chaos Reigns'

AU0205111694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 2 May 94

[Report by Mustafa Kurtovic from Gorazde]

[Excerpt] Fascists from nearby hills carried out provocations against all the defense lines on the Gorazde battlefield yesterday. They shelled the commune's outskirts fiercely, and (Zasevi) and Brdarici in particular. UNPROFOR [UN Protection Forces] unit members are again acting without shame as not a single gesture of theirs shows that they belong to peace forces. Thus, in cooperation with the chetnik hordes, they are trying to evacuate ethnic Serb citizens from the very town center, but at the same time they are settling the 3-km zone with people from Serbia and Montenegro. To what extent the NATO ultimatum is being respected can be seen from the fact that three people were wounded in the town and its suburbs yesterday.

A general catastrophe is reigning in Gorazde at the moment. People have no food, no water, and no electricity. There are no medicines or first-aid kits. A veritable chaos reigns here.

Chetniks are still positioned 200 m away from the town center and any movement by Gorazde citizens means certain death at the hands of snipers. Two UNHCR convoys that arrived in Gorazde recently can suffice for the people to survive one day at the most. [passage omitted]

Hepatitis Epidemic Feared

AU2904210994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 29 Apr 94

[Text] After a two-day break, the radio bridge with Gorazde and Esad Ohranovic, chairman of the Executive Council of the Gorazde Region, and Dr. Alija Begovic, (?director) of the Gorazde hospital, has been established again. Here is a report by Senada Cumurovic:

[Begin recording] [Cumurovic] At the beginning of the radio link Sead Ohranovic said that it is mostly calm in Gorazde today although there are some chetnik provocations. A fighter of the Army of Bosnia-Herzegovina was killed by a sniper bullet.

[Ohranovic] Well, the chetniks have not withdrawn [words indistinct] 3 km and, in a way, we in Gorazde are not satisfied. There is now the problem, and an acute problem at that, of (?water), food, all that comes in the wake of the situation in which we find ourselves, and particularly the accommodation problem.

[Cumurovic] This is how Ohranovic commented on the recent statement by UNPROFOR [UN Protection Forces] spokesman Eric Chaperon that our forces fired on UNPROFOR.

[Ohranovic] These reports are in no way correct. The chetniks have recently been using some ammunition, that is, explosive ammunition that has [words indistinct] to shoot behind one's back. Therefore, this is not true, and our forces are still positioned along the lines on which they were [words indistinct] the UN forces. It is exclusively members of the chetnik forces who are carrying out provocations in this area.

[Cumurovic] As regards weapons, even after the ultimatum expired, the chetniks did not withdraw their artillery from the 20-km zone. As Ohranovic put it, there is confirmation that there is still some aggressor heavy artillery at Jabucko Sedlo, (Miljan), Mount Kozara, at the foot of Mount Kozara, and on the roads leading from (?Foca) and Pale. As regards the humanitarian situation, the food supplies are somewhat improved.

[Ohranovic] However, the greatest problems that the citizens of Gorazde are now facing are is the accommodation of the population that has been streaming from the occupied regions into the town and the problem of water. We are seeking the best solutions here and are insisting that the international organizations help solve the problem. The International Red Cross has tried to do something and has brought some equipment to supply at least the hospital with drinking water, that is, water for cleaning. However, the problem of the entire town has still not been solved. We are working together with the international organizations to solve the problem, but this is nevertheless going slowly. Gorazde's people are having a real problem with water and are using the murky waters of the River Drina.

[Cumurovic] Thanks to the packages of the International Committee of the Red Cross and Medecins Sans Frontieres, the supplies of Gorazde and its hospitals with medicines have been improved, Dr. Alija Begovic said. However, he indicated a major health problem.

[Begovic] It seems that we are facing an epidemic of infectious hepatitis. We already have several cases of it in different parts of the town. In such unhygienic conditions, this will be fatal if something is not done urgently.

[Cumurovic] In three days, 265 wounded people have been evacuated from Gorazde but the need for further evacuation is still great. At this moment, UNPROFOR teams are visiting villages in the commune in order to transport people to Gorazde and then further on. Besides, in the town itself, 400 to 500 wounded people are awaiting evacuation, Dr. Begovic said.

Journalists have wanted to know about the situation in the villages of (Zupcici) and [name indistinct] where the aggressor has brought in Serbian people. This is what Ohranovic had to say about this:

[Ohranovic] Yes, Serbian people have been settled in these villages that you mentioned. They are now living there under the excuse that these are their flats and their houses. [words indistinct] UNPROFOR to solve this problem but they have not helped us.

[Cumurovic] Apart from the civilians, so-called Serbian police have been deployed in (Zupcici) and [name indistinct]. In fact, what is involved are aggressor's soldiers who had been destroying Gorazde and who have now just changed uniforms.

At the end of the radio bridge, Ohranovic said that the security situation in Gorazde has nevertheless been stabilizing. A curfew between 2100 to 0400 has been introduced and life is returning to normal. [end recording]

Serbs Continue Attack on Sarajevo

AU2904185694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 29 Apr 94

[Text] The chetniks today fired on a food convoy on Mount Igman with a machine gun. The aggressor has been intensively violating the cease-fire with all type of small arms around Sarajevo all day today. The chetniks were particularly frequently firing on Brijesce from [the Sarajevo suburb of] Nedzarici and Bozica [word indistinct].

A similar situation was in [word indistinct], where (?two) grenades fired from the direction of Pergoj exploded, and in the Vrace area and Srpsko Brdo, where one civilian was wounded. This afternoon, a sniper was active at the junction of Tito Street and Djuro Djakovic Street. Citizens are warned to exercise maximum caution.

On the Vares-Olovo front, the aggressor is still attacking the defense lines with all types of weapons. Attacks were carried out on populated places in the Breza municipality from within the exclusion zone, from the areas of Tisovik, Brezovaca, Solakovici, Brdo, (?Halga), and Kostraca, as well as from Nabozici. No one was killed or wounded.

The Visoko front was today marked by chetnik attacks with anti-aircraft guns and machine guns and snipers on the Visoko-Busje road and Visoko's suburbs and center. All these attacks represent desperate moves by the aggressors since the lines of defense in the theater of operations of the 1st Army Corps remain stable and the morale and resolve of the defenders to persevere in the struggle until final victory remains high.

This was reported by the Information Service of the 1st Army Corps.

UNPROFOR Reports Attack

AU0205061394 Paris AFP in English 2311 GMT 1 May 94

[Text] Sarajevo, May 2 (AFP)—Three shells exploded here Sunday in apparent violation of a ceasefire and a heavy weapons ban, the United Nations said. Two shells fell about 300 metres (yards) east of the Grbavica bridge, which links the downtown Serb-held district with the rest of the city that is controlled by the Moslem-dominated government army, according to Guy Vinet, a UN Protection Force (UNPROFOR) officer. A third shell was later reported falling on the outskirts of the city. There were no immediate reports of injuries and Eric Chaperon, UNPROFOR spokesman, described the shelling as part of the usual cease-fire violations. Government and Serb forces, faced with a threat of NATO airstrikes, were ordered in February to place all heavy weapons under UN control or move them outside a 20-kilometre (12-mile) exclusion zone.

One Killed, Three Wounded in Tuzla Shelling

LD0105203894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 1 May 94

[Excerpt] The chetniks today showed us yet again in the most brutal way that, as far as they were concerned, no UN decisions on protected areas in Bosnia-Herzegovina had any validity. Between 1500 and 1600 GMT this afternoon they fired several artillery shells on Tuzla. This attack against civilian targets caused fresh casualties: One 22-year-old girl was killed, one person seriously, and three lightly wounded. [passage omitted]

Serbs Bring 'Reinforcements' to Brcko, Kalesija

AU0205094994

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 2 May within its regular 9-minute newscast carries several reports on the situation in the republic.

In his report on the situation in the Brcko region, Hamiz Deronjic says that "by bringing in reinforcement over several past days, as well as last night, the Serbian aggressor has carried out the strongest concentration of combat potential on the Brcko region since the beginning of the war. The Bijeljina-Brcko-Pelagicevo line has been simply (?clogged) with enemy tanks, transporters, [word indistinct], trucks, buses, vans, and (?luxurious) trains. The Serbian-Montenegrin aggressor has been transferring tanks, heavy artillery pieces, and blooded chetnik units [word indistinct] that took part in the barbarian attack on heroic Gorazde, to the (?key) point of the northern corridor before the free Brcko territory, which has not been protected by international resolutions." Further on in the report, Deronjic says that "in the last 24 hours, the shelling of the Brcko defense lines has intensified. The aggressor has been using recoilless guns, mortars, and Praga and Bofors weapons. The regions of Poderiste, Tulmovici, and the Omerbegovaca-Vranovaca line were exposed to the most intensive enemy fire yesterday evening."

Mirza Sadikovic reports that "in the past 24 hours, the joint aggressors failed to essentially change their activity on the Bihac region. They continued attacking and provoking attacks at almost all lines of separation in the zones covered by the 5th Corps of the Army of Bosnia-Herzegovina and the Headquarters of the Croatian Defense Council [HVO]. Karadzic's terrorists were unselectively shelling the defense lines, particularly on the Bihac section of the front and they also shelled the suburbs there. On the Grmusko-Srbljanski Height, they acted with antiaircraft and anti-armor weapons. They shelled defense lines as well as civilian districts on the free Bosanska Krupa territory and (Buzim) region. Sniper activity was intensified on all lines. The members of the Kladusa [Fikret Abdic's] private paramilitary have, all the time, been firing mortars and mountain guns from the strongholds in Donja (Lucka), (Trska), and Golubovici, thus attacking Todorovo, the general region of Krivaja, (Tesigrad), and Liskovac in the Cazin Commune. Reliable reconnaissance reports forecast preparations for new attacks both from the Kladusa Commune and the region of the so-called Serbian autonomous region of Krajina."

Abdulah (Vitanovic) reports on "fierce chetnik artillery attacks on the front lines and deep into the free Kalesija territory continued yesterday and last night. They acted from all strongholds and with all available weapons. They launched more than 100 destructive projectiles, whereby one person was seriously wounded and several houses completely destroyed." Further on, (Vitanovic) says that "during last night, the enemy continued occasional artillery attacks and early this morning the region of Donji (Krajinci) was exposed to fierce attacks with Bofors weapon (?from Vis). Later this morning, shelling of the outskirts of the commune and occasional attacks with machine-guns and antiaircraft weapons along the entire front line has continued. At the end of this report from Kalesija, let me say that, apart from offensive artillery-infantry attacks, the enemy is also carrying out a regrouping of manpower and bringing military hardware, particularly to the regions of (Vis) and (Visocek)."

A report by the Information Service of the 4th Corps says that "while trying to cross the dam of the Mostar Hydroelectric Power Plant over to the side controlled by the Army of the Republic of Bosnia-Herzegovina, two Italian journalists were killed and one seriously wounded when they stepped on a mine field. No details of this tragic event, which took place on the territory controlled by the HVO, are known. By the way, the zone covered by the 4th Corps was calm and without the usual combat operations."

Four Serbian Civilians Killed at Doboj

LD0105085694 Belgrade TANJUG Domestic Service in Serbo-Croatian 0725 GMT 1 May 94

[Excerpts] Banja Luka, 1 May (TANJUG)—Three young women and a young man were killed this morning by shells fired from the well known Muslim strongholds of Matuzic and Tesanj at the town of Doboj. This is reported by the Serbian republic army first krajina corps' information service in Banja Luka. Another four people were seriously wounded, surgeon Milovan Miljanovic confirmed at the Doboj hospital. [passage omitted] After this morning's attack the number of people killed in Muslim attacks on Doboj over the past 20 days has risen to 11, with a further 34 being wounded. All are civilians. A general alert is in effect in Doboj today, Easter Sunday.

Muslim Attacks Continue

LD2904201394 Belgrade TANJUG in English 1935 GMT 29 Apr 94

["Pool" item]

[Text] Doboj, April 29 (TANJUG)—Moslem forces continued Friday strong artillery and infantry attacks on the Serb settlements and positions of the army of the Bosnian Serb republic (R.S.) in northern Bosnia—around the towns of Doboj and Teslic, the R.S. military sources set out. Artillery fire on Teslic caused considerable material damage, a statement said. It also noted that one member of a Moslem commando-terrorist group was liquidated and several were wounded when this group attempted to infiltrate the Serb territory around Teslic. All the Moslem attacks were repelled, and the Moslem forces forced to withdraw, the statement said.

The Serbs in Doboj have been for over a month under sustained Moslem fire and suffered high casualties among the civilian population. As part of a general offensive on the Serb territories launched in late March, the Moslems especially stepped up combat activity against Doboj in an attempt to cut the Serb corridor in northern Bosnia linking eastern and western parts of the R.S.

The Moslem forces opened antiaircraft artillery and infantry fire also on the positions of the R.S. army around Srbobran (formerly Donji Vakuf) in central Bosnia, the statement said.

Serbs Regrouping Forces

AU2904111894

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1000 GMT on 29 Apr 94 carries in its regular 10-minute newscast two reports on fighting in the republic.

Gorazde correspondent Fahrudin Bekic reports on the situation in the town and says that "the chetniks have withdrawn outside the 3-km exclusion zone on the left bank of the Drina River, but on the right bank, they are still on the positions that they occupied before the arrival of the UN Protection Forces. It is true that they are quiet and there is no sniper and antiaircraft activity in the town and surrounding villages. However, there is large-scale looting. They [Serbs] are systematically taking everything from the villages of (?Bubijer) and Fazlagici, and there is sporadic torching of property. The chetniks on the northwestern part of the front used artillery to target civilian targets in Brdarici, [name indistinct], and (?Unje). Moreover, they attempted an infantry breakthrough in the region on Brdarici."

Mirudin Aldobasic, correspondent from the 7-South Operative Group Information Service, reports that "a large concentration of tanks and other armored hardware has been sighted in the areas of Putnikovo Brdo, Plane, and Usce, and artillery on the northern and western parts of the front, particularly in the wider areas of Kriz, Kalosevic, and the Tesanj-Teslic demarcation lines. The aggressor is also carrying out large-scale regrouping on the western slopes of Mt. Ozren and is directing the massive equipment toward (?Sevadlije), Jagotic Polje, Srbuk, and Maglaj. Overnight and early this morning, the Serbian terrorists have been perpetrating constant small arms' provocations. Snipers are also active on most of the front."

Croatian Official on 'Demobilization' Intent

LD3004162894 Zagreb Radio Croatia Network in English 1500 GMT 30 Apr 94

[Text] Vladimir Soljic, defense minister in the government of the Croat republic of Herceg-Bosna, announced he will reduce the number of soldiers in the Croat Defense Council. Soljic explained there would be no demobilization in the usual meaning of the word because the war has not finished; rather, the superfluous soldiers will be deployed on working tasks.

Breakaways From Ruling HDZ Form New Party

Mesic Elected Chairman

LD3004160994 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 30 Apr 94

[Text] The founding assembly of the Croatian Independent Democrats [HND] was held at Zagreb Fair today. Stjepan Mesic was elected chairman, while Josip Manolic, Slavko Degoricija, Perica Juric, Tomislav Duka, and Dragutin Hlad were elected deputy chairmen. A news conference was held after the founding assembly. Jasminka Bogdanic reports:

[Bogdanic] At the news conference, Stjepan Mesic, chairman of the Croatian Independent Democrats, explained the reasons for forming this new party on the Croatian political scene and presented its guidelines.

[Begin Mesic recording] What we want to achieve by forming this party is for a law-governed state to function, for Croatia to join Europe's processes of integration, for our system to become compatible as soon as possible with developed European democratic systems and, finally, to correct what has been wrong in policy, which is the attitude toward Bosnia-Herzegovina. Now there are attempts to block the implementation of the Washington agreement. We want that agreement to be honored and Bosnia-Herzegovina to remain a single country. [end recording]

[Bogdanic] Stjepan Mesic said that with respect to foreign policy, the HND will contact and cooperate with all European parties which have the word democratic in their names.

Mesic Interviewed

LD3005235994 Zagreb HTV Television in Serbo-Croatian 2205 GMT 30 Apr 94

[Interview with Stipe Mesic, chairman of the Croatian Independent Democrats, by unidentified studio announcer—live]

[Excerpts] [Announcer] Our guest this evening is Stipe Mesic, the newly elected chairman of the Croatian Independent Democrats [HND]. [passage omitted]

You addressed particularly sharp criticism at Croatian policy in Bosnia-Herzegovina. You say that the policy was implemented by the wrong people and even by war criminals. Who have you been supporting in Bosnia-Herzegovina, which people, and which policy?

[Mesic] In Bosnia-Herzegovina we support the survival of Bosnia-Herzegovina. The people of Bosnia-Herzegovina are to choose who will represent them—Croats and Muslims, and even Serbs who want Bosnia-Herzegovina.

We follow this logic: The disintegration of Bosnia-Herzegovina would make possible the creation of a Greater Serbia. The Greater Serbia, strengthened by the so-called Srpska republic in Bosnia-Herzegovina, would never approve of the separation from Krajina and the areas they are currently holding in order for these areas to join Croatia. That would be practically impossible to do, and Croatia would be maimed.

The danger for Croatia would be enormous if a Greater Serbia were created. This is why we want the world to adhere to the principles it advocates, which means that borders must not be changed and that Serbia must return to its borders. [passage omitted]

[Announcer] You said that you will be oriented toward the future. In concrete terms, at the moment, how do you see the denouement of the crisis in Bosnia-Herzegovina?

[Mesic] Currently the greatest danger is coming from those who want to prevent the implementation of the Washington Agreement. They are very loud and they do not stop short from public appearances. One cannot help wondering what they are doing behind the scenes. They want to prevent the main thing—the implementation of the Washington Agreement—by erecting certain barriers, by insisting on some details.

[Announcer] Do you see the future of Bosnia-Herzegovina in a federation of Croats and Muslims?

[Mesic] Of course. If we start procrastinating now—on whether a Croat will be the prime minister or the president of the republic; whether this or the other one will hold the position in the first year—that is completely irrelevant if we want Bosnia-Herzegovina to survive. If it does not happen this year, it will happen next year. One year is a short time. If there is goodwill and a political decision, there will be no problem. However, those who favored a division of Bosnia-Herzegovina cannot implement the Washington Agreement, and this should be stressed. We are in favor of its implementation, which means that we must force them to implement it through our influence.

[Announcer] And, finally, what do you expect from the next session of the assembly? Will the HDZ [Croatian Democratic Union] have a majority?

[Mesic] [passage omitted] The balance of power in the assembly has now changed. The relations have changed. Specifically, the HSP [Croatian Party of Right] is not what it used to be and neither are IDS [Istrian Democratic Assembly] and the HDZ. There is a new balance of power. We should sit down and make a gentleman's agreement. We must not consider each other enemies because we belong to different parties. [passage omitted]

Leaders Blame Tudjman for War

LD3004163094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1500 GMT 30 Apr 94

[Report by correspondent Nada Al Issa from Zagreb]

[Excerpts] The founding assembly of the Croatian Independent Democrats [HND] was held in Zagreb today. The party was founded by Stjepan Mesic and Josip Manolic. [passage omitted]

Before the founding assembly, Mesic and Manolic sent an open letter to Croatian President Franjo Tudjman which was, surprisingly, published in Croatian newspapers. In the letter, Mesic and Manolic present their opinion about President Tudjman and his policy, and that opinion is the worst possible. Mesic and Manolic write: Mr. President, you rule as a dictator, leading the country to a catastrophe. After our warnings you call us putschists.

Let me remind you that the Hungarian Democratic Community [HDZ] accused Mesic and Manolic of preparing a coup while President Tudjman was in Washington. In their letter, Mesic and Manolic respond: We do not want to bring down the state but, Mr. President, we are against your disastrous policy both in Bosnia and in Croatia. According to Mesic and Manolic, all decisions in Croatia are made by one man and consequently the state president has to answer the following questions: Who is responsible for the war in Bosnia-Herzegovina, particularly the war with the Muslims? Who sent the Croatian army to Bosnia only to deny its presence there? Its involvement in Bosnia has been confirmed by numerous coffins returning to Croatia, Mesic and Manolic say. [passage omitted]

Commentary on Potential 'Crisis'

AU0205094594 Zagreb VJESNIK in Serbo-Croatian 21 Apr 94 pp 2-3

[Commentary by Aleksa Crnjakovic: "Will 'Turncoats' Cause a Crisis?"]

[Text] Although there are no big surprises regarding members of the future party, the making of the list of HDZ "turncoats" is the first-class political event for Croatian Independent Democrats [HND], for the members of the constituent circle of the future party is made up of as much as 16 deputies from the ruling party. Therefore, the most important question is will those turncoats, fronted by two presidents, of both the Chamber of Counties and Chamber of Representatives, cause a parliamentary crisis. There will be more and more people in suspense over the matter, for it is now President Franjo Tudjman's turn to make a move. Everybody is waiting to see what move he will make to prevent a major split in the party, but also major stirring in the Assembly. What steps will he take against those who "broke loose"? Is it more harmful for Croatian interests to eliminate two leading men from the Assembly than let them be and devote oneself to "being a mole"?

Do Moles Remain?

Although politicians have lately been very much involved in some vague procedural regulations of some laws, with regard to a possible parliamentary crisis, the procedure is clear. First of all, a deputy can change parties and remain a deputy, for that right is granted by the Constitution. Deputies in the Assembly have no binding mandate, they cannot be revoked because of their political views or because they decided to accept another party's program and leave the party that brought them into the Assembly. Judging by the list of the Constituent Circle of Croatian Independent Democrats, with regard to the Chamber of Representatives, 13 HDZ members and one member of the Croatian Party of Rights will join the new party. In the Chamber of Counties, three HDZ members will join the new party. At present, the HDZ has 83 mandates in the Chamber of Representatives, without Father Tomislav Duka, who asked to leave the party, and without deputy attorney general (Lovric of Osijek is the president of the Trade Court, and that function is incompatible with the function as a deputy, but he cannot be released from his function as a deputy, for the State Tribunal has not been formed yet).

The "Duka" Case

So, playing with numbers a little, we see that everything is possible, and that the outcome of the ballot is uncertain, although that does not necessarily mean that a parliamentary crisis is in the offing. It could just happen that, from now on, there will be more cases like the one at the last session when they could not make the decision to acquit Father Tomislav Duka of his membership in the Committee for Electing, Appointing, and Administrative Jobs.

Let me remind you: On that occasion, out of 79 deputies who voted, only 45 were in favor of putting the subject back on the agenda of the committee, five deputies abstained from voting, and only 29 voted to acquit Father Duka of his position as a member of the committee. As far as we can remember, this is one of those very rare occasions when the HDZ majority did not vote "by command."

There could be more such cases, even when voting for a single law, which means that the arguments of the opposition could also be the arguments of some members of the ruling party, now more than ever. A fierce battle is imminent, this time on the basis of quality, not quantity.

We should not take lightly the disorder created in the Committee for Electing, Appointing, and Administrative Jobs. Formerly a member of that committee, Father Duka has now joined future Croatian Independent Democrats, and HDZ deputies Ante Karic and Davorin Popovic are also on the list of the Constituent Circle for the establishment of the HND. Consequently, for the first time since deputies were elected, the committee was left without the HDZ majority. For, the committee has 11 members, seven of which were members of the HDZ, while now there are only four of them, which means that the HDZ can practically make no decisions! That is not

insignificant considering the fact that this Committee proposes all dismissals and appointments, even that of the president of the Assembly.

Possibility of Secret Ballot

And now we come to the most interesting question: Will the president of the country and the president of the ruling party dismiss Mesic and Manolic from their presidential functions and can he do that at all? The demand to replace the president of the Chamber can be made by 30 deputies, and it could also be done by the Committee for Electing, Appointing, and Administrative Jobs. Even if 30 deputies demanded the dismissal, the demand would have to be considered by the committee. The committee cannot stop the procedure of dismissing and appointing, for even in case of negative decision by the committee, there would have to be a ballot in the chamber.

Certainly, neither Manolic nor Mesic will resign from their presidential functions. Therefore, if it should so be decided, with regard to Mesic, the matter would be decided by a ballot in the Chamber of Representatives. The matter of acquittal will be put to the vote as it is usually done with regard to appointments. However, there might be a secret ballot in case there are two or more candidates. At the proposal of 10 deputies, the Chamber can decide to put the matter to the vote if there is more than one candidate. If that should happen, we suppose that the "logistics" of the new party would be in favor of a secret ballot.

It is quite probable that both Mesic and Manolic would run again, and the Standing Orders specify they can do that if Mesic gets 30 and Manolic 20 signatures. In the present ratio of powers, that would not be difficult. The HDZ would put up their own candidate. In that case, it would be almost impossible to predict who could be a candidate for the president of the Chamber of Representatives. Perhaps again Zarko Domljan, the first president of the Assembly, presently vice president of the Chamber of Representatives? Or Katarina Fucek, perhaps? Considering the fact that Katica Ivanisevic would run for president of the Chamber of Counties, this would make a very interesting female cast! Who will win? The candidate who will get the majority vote, provided that most deputies are present, i.e., at least 70, in which case 36 votes will give him or her victory. If the session will be attended by all deputies, then it would take 70 votes to win. All deputies of all parties will, obviously, not miss such an occasion and, in that case, the ruling party would, of course, have to put up a candidate whom the opposition would find acceptable as well.

Conflicts in Working Bodies

Still, the prevailing opinion is that the ruling party would get more if it left things the way they are than if it dismissed the presidents of both chambers. Clearly, the ruling party has an indisputable right to elect the president, i.e., presidents of both chambers, since it won the elections. However, it is very risky to eliminate both officials at once. It is debatable whether the two men would be more harmful as presidents or as two former key figures.

Anyhow, we think there will not be a real parliamentary crisis, but there will definitely be some changes in the Assembly. There will first be some conflicts in working bodies. It is very much possible that the HDZ will no longer have a majority in many of them. Committee members were elected observing the election results of certain parties and the HDZ has hitherto had about 65 percent of the mandate in every working body. Considering that the new party will soon be formed, this percentage would be lower, at the expense of the HDZ. For the first time, the HDZ will be forced to look for partners and form a coalition on certain issues. Where will it find them? There could be some absurd situations, indeed: Should it look for them in Djukic's Serbian National Party or in Djapic's HSP? And the wheel seems to be turning backward. Let us remember a discussion held last year on 15 October, during a three-day session of the Assembly, about taking the mandate of some HSP members. Djuro Perica was then the only HDZ member who defended the HSP members, and Minister Tarnaj, who was then a deputy, voted against taking away their immunity.

Will we witness another procedural competition, this time in the Chamber of Representatives? Can the procedure block the Assembly? At present, it seems that is all up to Mesic and Manolic and their will to convene sessions of those chambers.

While in the Standing Orders

According to the Standing Orders, the presidents of the chambers convene sessions two times a month, as a rule. The rule has not been obeyed yet, which is evident from the number of sessions that were held: 17 sessions in the past 18 months. What happens if presidents do not convene sessions at regular intervals? Our Standing Orders do not contain such regulations as are included, for example, in the Standing Orders of the Austrian parliament, i.e., that it is possible to convene parliament within five days of filing a demand at the request of at least one-fifth of the deputies.

This regulation was deliberately excluded from our Standing Orders, for the opposition would have the one-fifth in both chambers without problems; in the Chamber of Counties the liberals alone make up the one-fifth, which means that the opposition could keep convening sessions, and some were obviously trying to avoid that. No one can convene a session but them and they practically have the possibility to block the work of the Assembly. However, supposing they do not opt for that, at least not for a very long time, if for no other reason than that they would not be true to the name of the party they are forming, i.e., that they are democrats and that they respect the procedure.

They will probably be convening sessions and work in favor of their party, asking the opposition to help. Perhaps they will refer to the changed ratio of powers, which gives them the right to keep their leading positions in the Assembly, which would not mean much in the division of power since the Government is made up of members of just one party.

Without "Fighting to the End"

We can only hope that both turncoats and those who remain true to the ruling party are equally set to work for the prosperity of Croatia, and that they will not, in their political struggle, "fight to the end," but that they will try to act as true members of the Assembly, advocating the rule of the law and parliamentary ways of fighting. In the leadership of the Assembly, the ratio of powers is now 2:2, if we consider presidents and vice presidents. Let us hope the change in the ratio of powers will not influence the internal political stability of Croatia.

That is not in the interest of international factors either, which Mate Granic made clear both at the meeting of the HDZ Club and at the session of the VONS [Council for Defense and National Security]. If it should, however, come to serious disturbance in balance, both sides are to blame, both those who stayed and the runaways. That will be an opportunity for the opposition, although it is questionable whether they will know how to make use of it. Here is a good side of this imbalance: There have been problems with a quorum for a while. But now it seems everybody will come to help "their side." If they do not get out of control, these could be very interesting sessions, although we can still not expect to have the British unwritten rule according to which some Labor Party members leave the session if too many members of the Conservative Party show up that day, thus disturbing the standard electoral ratio of powers.

RSK Cites 'Terror by the Croatian State'

LD2904165494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1411 GMT 29 Apr 94

[Text] Belgrade, 29 Apr (TANJUG)—The foreign affairs ministry of the republic of Serb Krajina [RSK] sent a letter today to the diplomatic and consular missions in Belgrade warning of the terror by the Croatian over the Serb population, calling on them to raise this issue at the United Nations and to do everything to prevent these crimes in Croatia from being hushed up.

The letter mentions a statement by Stipe Mesic, the speaker of the Croatian Assembly, about the killing of the Serb Zec family (Mihajlo, Mirjana, and their 12-year-old daughter, Aleksandra) in Zagreb in 1991. In his statement, which was published in the FERAL TRIBUNE weekly in Split, the letter goes on to say, Mesic said that members of the Internal Affairs Ministry of the Republic of Croatia were suspected of having killed the Zec family, but were acquitted at a secret trial in Zagreb.

This statement by Mesic is a confirmation of the terror by the Croatian state over the Serb population between 1991 and 1994, the letter stresses, calling on the consular and diplomatic missions in Belgrade to propose to their governments that his issue be raised in the UN bodies.

The letter says that over 300,000 Serbs were evicted from Croatia, which is the largest-scale and the first ethnic cleansing carried out in the former Yugoslavia.

The letter also notes that approximately 14,000 Serbs, including complete families, were killed by the Internal Affairs Ministry of the Republic of Croatia. The UN Security Council Commission for War Crimes, the letter goes on to say, was informed about 87 mass graves in Croatia, where the 14,000 innocent members of the Serb nation are buried.

"Unfortunately, the Security Council has decided that this commission should cease work on 30 April 1994 (allegedly because of a lack of money), even though nothing has been done about the exhumation of these 87 graves, the identification of victims, and the handing over of the perpetrators to the International War Crimes Court," the letter says, making the appeal: "Please do everything to prevent these crimes in Croatia from being hushed up."

Presidential Council Issues Statement

LD2904212994 Zagreb HTV Television in Serbo-Croatian 1730 GMT 29 Apr 94

[Text] We have just received a statement from the 42d session of the Presidential Council for Defense and National Security. The council discussed the recent strikes.

Discussing the strike of the workers in the budget-financed sector, the Presidential Council for Defense and National Security established that there are problems—to a large extent inherited—but that more effective action should be taken to solve them. The council stresses that the government has already prepared and proposed solutions, which should be implemented as soon as possible because, for example, there is an agreement that grades in the salaries of budget workers are uneven and set without a regular pattern.

The council stresses that the Croatian Government and the trade unions have no other aim or purpose than solving the basic problems of the workers and all Croatian citizens, and trying to find the best possible solution to the problem, as permitted by the level of production. Better organized trade unions could also contribute to this by better and more clearly defining the specific problems and interests of different groups of workers.

The council believes that we are currently at a very sensitive stage of the implementation of the stabilization

program, and that renouncing financial discipline and interfering with the budget would destroy the stabilization program.

In connection with this, despite opposition, it will be necessary to discontinue further financing of permanently loss-making enterprises, because of our commitment to a market and not a planned economy. We are aware of the fact that in certain instances this will cause turmoil. However, this is necessary in order to establish an overall healthy economic system. It should be stressed that the processes of economic rehabilitation or bankruptcy are in fact the processes of healing and recovery which ultimately lead to the creation of new production and employment, which are the only things that can improve the standard of living.

It was reiterated that Croatia as a welfare state would secure full social benefits to all those who face difficulties in these processes. The council praised the government for the results it has achieved with its economic policy so far and concluded that work of this kind by the government was a precondition for receiving comprehensive international financial aid, which will contribute considerably to the overall economic revival of Croatia.

International circumstances are increasingly favorable—something best illustrated by the improvement of relations with the United States, which has offered a draft agreement on cooperation in the spheres of the economy, technology, and other areas, which, in the light of statements by top U.S. officials, shows that the United States is ready to develop a partnership with the Republic of Croatia in all areas.

The council is aware of the financial situation in all sectors of Croatian society, both in industry and in the budget-financed sector, but warns that many people wish to use the accumulated social discontent for the political destabilization of Croatia.

The council wishes to praise the prime minister, who was personally involved in the resolution of all these problems. The council stresses and supports the government's position that the budget endorsed by the assembly in the form of a law cannot be increased before the volume of overall production increases, and that a new allocation of resources from the budget for salaries through different grades can be negotiated by all budget beneficiaries, and a decision on this can be taken by the assembly and the government; this should never be a cause for petty politics and often demagogic pressures.

A precondition for international financial aid is a stable political situation. For that reason the council calls on everyone to take into account the overall interests of the Croatian state. The council calls on everyone to discuss all problems in a peaceful atmosphere, and patiently and responsibly create conditions for a speedier economic recovery, and thus for the overall progress of our country and each individual.

Crvenkovski: Balkans on 'Brink of a New War'

TA3004160494 Ankara ANATOLIA in English 1505 GMT 30 Apr 94

[Text] Skopje, April 30 (AA)—Macedonian Prime Minister Branko Crvenkovski on Saturday said that the Balkans are under a war threat, warning that Greece and Serbia are aiming at creating a joint border after disintegrating Macedonia [The Former Yugoslav Republic of Macedonia—FYROM].

"Neither country is willing to accept the reality of an independent Macedonia in the Balkans. Both have common interests in Macedonia," he said.

Speaking to AA reporters in Skopje, he accused the European Union and United Nations of following "a passive policy in the region", adding this indecisive attitude by international organizations has brought the region on the brink of a new war.

Crvenkovski said there is a great political harmony between Belgrade and Athens, stressing the greatest support for Serbia comes from Athens and that the embargo imposed on his country by Greece was started with cooperation with Serbia.

He said Turkey is Macedonia's "best friend" in the Balkans, expressing gratitude for its support. "Turkey's policy is one that Macedonia is looking for and expects," he concluded.

Serbs Claim 2,000 Turkish UN Troops Arriving

AU2904201494 Belgrade BORBA in Serbo-Croatian 28 Apr 94 p 12

[Report by D.N.: "Turkish 'Blue Helmets' Are Coming"]

[Text] Skopje—The representatives of the Democratic Party of Macedonian Serbs have claimed in Skopje today that 2,000 Turkish "Blue Helmets" are being brought to Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. They did not want to disclose where they obtained this information, saying only that it came "from well-informed sources." In their opinion the arrival of the Turks in Macedonia will be decisively opposed by both the Serbian and the Macedonian population. They assessed this deployment as an attempt to destabilize this area, adding that the only guarantee of peace and stability in this part of the Balkans was the arrival of Russian "Blue Helmets" as part of the UN Protection Forces.

Crvenkovski Meets With Butrus-Ghali

AU2904173194 Skopje MIC in English 29 Apr 94

[Text] Macedonia's [The Former Yugoslav Republic of Macedonia—FYROM] Foreign Minister Stevo Crvenkovski met with the UN Secretary General Butrus-Ghali in New York, yesterday afternoon. The talks concentrated on the current situation in the Greek-Macedonian relations.

Quarterly Economic Figures Examined

AU3004133494 Skopje MIC in English 29 Apr 94

[Text] In the first three months of this year, in comparison with the same period in 1993, the industrial production was reduced 14 percent. A drop in production has also been reduced in 27 economic branches that take part in the total structure with 86.3 percent. The production of means of labor has dropped 25 percent, the reproduction materials 13.4 percent, and the production of consumer goods 6.3 percent. Five industrial branches that participate in the structure with 13.6 percent have noted an increase from 2.6 percent to 8.4 percent.

In the first three months of this year, exports valued at $234 million have been realized, which is 13 percent less than in the same period last year. The exports are estimated at $262 million, which is 8.7 percent more than last year, while the exports cover the imports with 89.3 percent, that is, a $28 million deficit appears.

In 1993, Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] realized exports worth $1,055 million, while the imports totalled $1,199 million. The deficit was $144 million, while the exports covered the imports with 88 percent. The April inflation rate was estimated at 2.4 percent, the same as in March.

The total number of employees in Macedonia, in the first two months was 404,786 people, and is 6.8 percent less than last year. The employment in the economic [words indistinct] sector, only 1.1 percent in the first two months, 178,789 were looking for jobs, and their number in 1993 was increased 2.5 percent. In February 1994, compared to the last month last year, the net wage paid per worker was increased 12.7 percent, while the real net wages throughout the entire country, was reduced by the same percentage.

By the end of March, the statistics register had a total of 61,248 companies listed, which represents an increase of 40.3 percent in comparison with March 1993. Out of this figure, 94.4 percent of companies are private, while 2.1 percent are state-owned and mixed companies.

Federal

Jovanovic Discusses Renewal of Peace Process

AU3004181394 Belgrade RTB Television Network in Serbo-Croatian 2005 GMT 29 Apr 94

[Interview with FRY Foreign Minister Vladislav Jovanovic by Milica Ostojic-Pusara; place and date not given—recorded]

[Text] [Ostojic-Pusara] Good evening, esteemed viewers. We know that several days ago the so-called contact group for Bosnia was formed, consisting of representatives of the United States, Russia, the European Union, and the United Nations. After the first meeting that was held in London, this group will try—if we understood it correctly—to regain the dynamics of the peace process on the ground, of course, with the involvement of the warring sides.

Is this the path toward peace in the former Bosnia-Herzegovina, and what does the involvement of this contact group mean in practice for the FRY? This evening we are asking FRY Foreign Minister Vladislav Jovanovic about these issues.

[Jovanovic] Every shift toward peace certainly represents an alternative to the worst that had been our everyday life until a few days ago, especially in the Gorazde region. In this sense the contact group with the plan of contacts that it will have in the period ahead is in a way contributing to the recovery of the atmosphere and the creation of the necessary preconditions for the renewal and strengthening of the negotiating process.

However, what is more important than the instruments themselves, than the structure of negotiations, which also include the contact group, should be the refreshing of the approach to the Yugoslav crisis. The approach hitherto, the one-sided, partial, selective approach, not only has it been unjust, but it also became to a great extent the generator of the crisis itself.

This was the case during the denouement of the latest developments, when we saw the demonstration of partiality, which was prevented at the last moment from resulting in an escalation, an even worse situation. Therefore, now that we are at the fresh start of renewing the negotiating process, everyone should make a sufficient self-critical review and everyone should on his part try to remove from his way of thinking, his approach, and from his stands everything that has so far been hindering the negotiating process, leading to its failure. As for the foreign factors that have so far been involved in solving or not solving the Yugoslav crisis—depending on their individual attitude—there are certainly very serious and very sound reasons for everyone to carry out the necessary revision of the current approach to the crisis, and to introduce in these approaches and stands the necessary corrections. If this does not happen we would run the risk of the negotiating process not only being unnecessarily prolonged and perhaps being made more complicated, but also something worse, namely instead of being food for peace, the process would become food for maintaining the crisis and even renewing the military conflicts.

I say this because one side, at least one side in this civil war, the Muslim side, will always find a reason to believe, to be encouraged, or to be under the illusion that—by further complicating the procedure of negotiating, and occasionally resorting to combat activities—it will gain more than through the negotiations. The negotiating process has, thus far, been burdened by this very negative factor, and all our warnings that the inequitable approach of the leading components creates not only an inequitable final result but also makes it impossible for the negotiating momentum to follow its logical course toward a prompt conclusion. [sentence as heard]

We would like to see the contact group adopt, in the new cycle of involvement, a fresh approach and cleansed views when it comes to the question of how to get out of this crisis, and how to make all the elements, the three warring sides, equally responsible for the negotiating efforts and the final result. In that sense we are ready to be as active, open, and constructive as always, when it comes to solving the Bosnian crisis, with the contact group and the other participants in the negotiating process, which will most probably be resumed.

[Ostojic-Pusara] As has happened before, it is possible that one of the warring sides—and I am referring to the Muslims here—will ask for some kind of a retreat. We have been reading recently that Mr. Izetbegovic, leader of the Bosnian Muslims, has asked, that is, has sent a letter to the king of Saudi Arabia, asking for the Organization of Islamic Conference to be the fifth and equal member of the contact group.

[Jovanovic] This is one of the continuous efforts of the Muslim leadership to complicate the procedure, making the negotiating process more complex, and helping those elements in the process whose natural interests are not in ending this crisis as soon as possible, but rather in gaining maximum advantage from it. The advantage is not equal for all the participants in the war or the peoples of the Balkans in comparison to the advantage that the non-Balkan factors—not all but some—expect to gain from this crisis.

We know that the Islamic bloc of countries is fully engaged in a very biased, one-sided, and aggressively provocative way. Everything they have undertaken so far has been aimed at deepening antagonism between the warring sides, and not at narrowing their differences. Everything has been done to facilitate the creation of conditions for the internationalization of the military conflict, for unimpeded outside involvement with impunity. The participation of Saudi Arabia—which, by the way, does not have diplomatic relations with any other country except Muslim Bosnia—could not be interpreted as a constructive contribution to efforts made by

the contact group and other countries that are positively oriented toward peace, for the revival of the negotiating process.

[Ostojic-Pusara] It seems that this is, according to you—and I suppose also the federal government—a path toward peace. There is talk now of a four-month cease-fire. Do you believe that it would be possible within that period of time to come to an overall peace solution, if the favoritism is eliminated, of course?

[Jovanovic] It would be best to put a final complete stop to that unfortunate war, and—with the feeling of safety that the war will not deepen or be renewed—to make relaxed but rapid efforts to find a final just and lasting political solution. That is the view of the FRY and the Bosnian Serbs. That is also the view of many other participants in the negotiating process. However, the view of the Muslim leadership is different. They want to have a fixed-term cease-fire, which is reason enough for one to wonder why they are doing this.

[Ostojic-Pusara] Anything can happen in that time, right?

[Jovanovic] First of all, they are doing this because they want to keep the option of renewing and extending the war. Second, it is possible that they see this cease-fire as a lull for arming and new provocations for renewing the war from even better starting positions. It is also possible that they are doing this in the expectation that they can materialize the support that they are getting from their friends from abroad, that they can turn this support into victory for themselves.

[Ostojic-Pusara] This could then be a preparation for war, rather than a preparation for peace.

[Jovanovic] It could be a preparation for the continuation of the political war, or part of the preparation for the continuation of the armed conflict. In any case, the fact that Saudi Arabia is singled out indicates that the Muslim leadership could use this period of relative peace to turn to escalating political pressure on the Serbs in Bosnia, in Yugoslavia, and on the Serbian people in general, which would have a negative effect on the negotiating atmosphere and perhaps even affect the final outcome.

In any case, in the absence of the best solution, even the not-so-good solution is better than no solution at all. Therefore, even though the cease-fire would be a fixed-term cease-fire, that in itself would not represent the failure of the peace efforts if it is accompanied by a sufficient number of guarantees given by relevant international bodies that this period would not be abused for the preparation for war, or that it would not be used as an opportunity to obstruct the negotiating process.

These are things that can be negotiated, and—without wishing to prejudice the stand that the leadership of the Bosnian Serbs will take on this issue—I think that this is not a question that can be put down as unsolvable. On the contrary.

[Ostojic-Pusara] In your view, is it clear what actual means this group has available to reach peace? How likely are abuses here?

[Jovanovic] The contact group....

[Ostojic-Pusara, interruptsing It proposes things that will later go to the conference....

[Jovanovic, interrupting] It first has to revive the contacts that were severed or frozen due to the escalation in tensions, and to create conditions for the start of the real negotiating process in which the warring sides will—with the help of peace-loving countries from elsewhere—try this time, I hope successfully, to agree on a final political solution. It is hard to predict what this solution will be like. It will come as a result from the contacts and the first stages of the negotiating process.

The basic question is whether all the participants in the process have an equal desire for peace, whether someone still has a desire for war, and whether the foreign participants are all equally interested in reaching peace quickly and in a way that is equal for all. The establishment of equality in the treatment of the participants in the peace process is something that is implied. So far there has been no equality because one side, the Serbian side, has constantly been in an inferior position. It was under multiple pressure, media pressure, economic pressure through the sanctions, and political pressure through isolation and satanization. These things cannot be a contribution to the negotiating process, but rather, on the contrary, they serve as a warning that this imbalance must be urgently removed in order to make the process a real conversation among equals. Then the result of the talks can be based on consensus and freely expressed will.

Therefore, parallel to the cease-fire, which we hope will take place in the near future—the sooner the better—parallel to that, work has to be done on the cessation, or at least the suspension of the other forms of hostilities that have been very obviously and aggressively expressed toward the Bosnian Serb side, and Yugoslavia. The sanctions are one form of these hostilities. They are affecting equitability, they are making the negotiations more difficult, and are preventing any political solution that is reached from being turned into reality. We also have this media war that is still going on; it is also a form of hostility. It is making the psychological basis for negotiations more difficult and it is giving credibility to the illusions, particularly on the Muslim side, that—with the assistance of these hostilities and those expressed through sanctions—they can obstruct negotiations, something that, at the moment, it would appear they would not be able to achieve with arms.

[Ostojic-Pusara] Are there any indications, Mr. Jovanovic, that the peace process will include the principle of alleviating the sanctions, or gradually lifting them?

[Jovanovic] I have already said that the sanctions are a form of hostility directed toward one side alone, and this in a direct way stops dialogue and negotiations from being a two-way process, a process in which all the participants have equal starting positions and equal reasons to expect that the positive result of their talks will benefit everyone. The most principled thing to do would be to eliminate this form of hostility along with eliminating the armed form of hostility, and the third form I have mentioned. If this cannot be done immediately, it is certainly necessary to start lifting the absurd sanctions as soon as the agreement on the cease-fire is reached. The absurdity of the sanctions is becoming an eyesore even to those who imposed them, not to mention how much they create negative points for everyone, including those who imposed them.

[Ostojic-Pusara] And those who called for them first, who lost a lot because of them.

[Jovanovic] I was just about to say that.

[Ostojic-Pusina] The decision to call for a ministerial conference—which should be held at the beginning of next week—depends on the political success, that is, the negotiations, on things that the contact group, as they call it, will find on the ground, and on the dialogue with the two warring sides.

[Jovanovic] It is important that the contact group has an equitable approach toward all the participants in the civil war. This means if it has to exert pressure, then that pressure has to be exerted at the same time and equally on all the sides. If it is supposed to stimulate more successful negotiations, this, too, has to be done equally for all. If this selective attitude is maintained, when one side is constantly disfavored while the other two sides are constantly favored, then it is clear that this is a recipe for failure, not success.

[Ostojic-Pusina] We have been reading in the daily press that the group has several initiatives—everything in London was behind closed doors—and there is talk that the final stage should again be the much talked about drawing of the borders. Abuse is, of course, possible here.

[Jovanovic] You see, the demarcation of territories is effectively the basic issue—since the civil war is being waged because every side believes or feels that it is endangered on its ethnic territory by the other side or sides. The question is merely whether the territorial demarcation should be done before, after, or at the same time. All three methods have already been tried. Not one of them has produced a conclusive result even though the method used last summer and autumn was the most successful so far. Were it not for the hesitation, not to say obstruction, on the side of the Muslims at the last minute, we would already have had peace in Bosnia for six or seven months now.

However, whichever way you solve or try to solve this question, it cannot be resolved by pressuring one side and supporting the other sides. This has to be the result of agreement, of consensus of all three sides, and the other participants in the process have to offer only so-called positive support to make the negotiations easier and help out with useful ideas if there is a halt in the negotiations.

[Ostojic-Pusina] If possible, could you comment at the end of this interview on Russia's role in the peace process? We have witnessed some vacillations in certain statements and views of the Russian administration. Some analysts say that the West is involving Russia in the peace process only when the decision has already been made. Others say that this is because Russia does not want to defy the West over Bosnia or a place like Gorazde. Can you tell us something about that?

[Jovanovic] You see, relations between Russia and the West are very complex, sometimes contradictory, sometimes delicate. In any case, we do not have enough data for a final determination. It is possible that relations will exist in this immature and fluid form until the elements of the new balance of power are crystallized, which are at the moment being established painstakingly, very controversially, and desperately before our very eyes.

We, as the Balkans, as Yugoslavia, are only one weight on the scales, sometimes heavier, sometimes lighter—depending on how either side wants to use the weight to improve or establish the balance in its favor. What has been coming from Russia—regardless of the reasons, which can be understood and explained, and perhaps even justified—is something that characterizes one great power in its relations with another great power, and shows that the interests of a great power and a smaller country are not always in concord and uniform, and can even be in contradiction.

This is not news to us. We have had evidence of such behavior in the past in relations with other great powers, including Russia—both Red and Blue. The last time it happened was when Russia voted for the imposition of sanctions, and now giving approval for the engagement of NATO against the Serbs in Bosnia is a similar moment, which will be food for thought not only for us, for this generation, but for generations yet to come. All great powers try to avoid such acts as much as possible, and if possible not have anything to do with them.

However, the nature of our relations with Russia is such that all such events nevertheless end as episodes, and they do not influence in a more essential and more permanent way the constants in the closeness of our interests in various spheres. So, despite everything, Russia continues to play a positive and constructive role in the settlement of the Yugoslav crisis because, out of all foreign participants, Russia is still by far the most

objective and as such a necessary element for correcting and balancing the one- sided policy of the majority of other parties.

[Ostojic-Pusara] And finally, in summary, do you think that this is a path toward peace, with the understanding of course that the contact group must treat both warring sides equally, and not as has been the case so far. This would mean a lot in practice for the FRY.

[Jovanovic] Of course it is important for the warring sides, but it is also important for the sides that are not at war. We are not a country at war, but we are a very interested country, we are very interested in having this war end in a just and lasting way. However, we are nevertheless in an unequal position for reasons that I have already mentioned, even though we are expected to continue in our active and dominant partnership role to build peace, to find the final political solution. This partnership, this cooperation has to be based on mutual respect and equal status, and not on the basis of subordination, which is just another word for sanctions and the punishment of one partner.

[Ostojic-Pusara] Thank you very much.

Kosovo

Rugova: 'Too Early' To Discuss Confederation

AU2904163294 Tirana Radio Tirana Network in Albanian 1330 GMT 29 Apr 94

[Text] [Announcer] Answering a question about the possibility of the creation of a Balkan confederation, president of the republic of Kosova Dr. Ibrahim Rugova said at today's news conference that every people should first enjoy freedom and independence in its own country and then think about a confederal connection with other peoples and countries according to reciprocal interests. At this news conference, president Rugova presented the very grave situation in Kosova, due to the continuous violence and repression of Serbia against the Albanians. For more details, Mehmet Haziri reports from Prishtina:

[Haziri] At today's meeting with reporters, president Rugova expressed his concern over the intensification of the Serbian repression against the Albanian population in Kosova, which was manifested during this week with raids on the pretext of searching for arms, maltreatments, violent recruitment of Albanian youngsters into the Serbian Army, raids on private firms, and convictions of Albanians in trumped-up trials.

The Serbian army and paramilitary forces are being more and more incorporated into this wave of police repression.

President Rugova condemned the application of violent measures of the installed Serbian power in the Dodona Children and Youth Theater in Prishtina, which has been developing an intensive cultural and artistic activity for a long time.

President Rugova said that the intensification of the Serbian violence and state terror aims at threatening and provoking the Albanian population. He also greeted the statement of U.S. President Bill Clinton, who expressed sorrow over the status of Kosova, and that of Vice President Al Gore who highly assessed the peaceful resistance of Albanians, who were not provoked by the violence exerted on them.

Rugova hailed the statement of French Foreign Minister Alain Juppe, who warned that Kosova will be included in the package for the global solution of the crisis in former Yugoslavia. However, he attracted the attention that Kosova cannot be compared with the Knin province, as it had its own constitution as a federal unit of former Yugoslavia, ethnic territorial compactness, and the expressed political will of the people.

Even this time, president Rugova asked for international protection for Kosova.

Answering a reporter's question about Albania's diplomatic commitment and that of President Berisha toward the solution of the Kosova problem, Rugova pointed out that the common denominator of the diplomatic commitment of Kosova and Albania at the present moment is to prevent conflict in this area.

Commenting on some statements and articles in Serbian circles and media on the possibility of the creation of a new confederation in the Balkans, president Rugova said that the ideas for such confederations have yielded no results so far, and it is too early to talk about them.

First, ethnic problems should be solved in the Balkans—everyone be placed in his own land—and then discuss the possibility of any relationship of interest for all sides. The confederation cannot exist with the domination of one over the other, president Rugova said among other things at today's meeting with reporters.